The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Chahar Drive Continues While Japan Discusses "Cooperation" at Nanking

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Public Administration Discussed in New Publication

China's Use of "Forced" Labor on Construction Works

Proposal to Extend Foreign "Rights" With Loans

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Details of Special Mass Education in Kiangsi . . . . . By S. Y. Chi

How to Understand the Chinese . . . By Lin Yutang

SATURDAY, FEBRUARY 2, 1935 VOLUME 71, NUMBER 10

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Hongkong.

密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 71 | Shanghai, China, Saturday, February 2, 1935 | Number 10

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; HOH CHIH-HSIANG, Asst. Editor; TRYPHON V. KU, Advertising Dept.,; F. K. CHAO, Business Dept.

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

CHINA'S USE OF "FORCED" LABOR ON CONSTRUCTION WORKS

THE official *Kuomin* service on Jan. 3 issued a report stating that Gen. Chiang Kai-shek had circulated the authorities of sixteen provinces on the advisability of using "compulsory" labor as a means of expediting construction on projects of an urgent character. The message stated that the replies all favored Gen. Chiang's proposal, the type of projects mentioned being highways and dykes, opening of tunnels and canals, land reclamation and afforestation. A later message from Foochow bearing on the same subject stated that the officials of Fukien had decided to use 100,000 persons in opening and dredging canals and waterways which served the provincial capital. The expense of the project was estimated at $240,000.

While it is not entirely clear as to what is meant by "compulsory" labor, there is historical precedent in China for this type of work. The brief account of the construction of the Great Wall which appears in Samuel Couling's *Encyclopaedia Sinica* (1917) states that 300,000 soldiers, all the criminals in the land and many of the literati class were used in the building process. The workers were so numerous that the problem of feeding them was a serious matter and was aggravated by extortion and graft. But the job was completed, almost entirely in the dynasty of Shih Hung Ti, and it was quite a project, 1,500 miles long, from 15 to 30 feet high, and for most of the distance was faced with bricks, had signal towers and in many places contained space underneath for the garrisons. It was urgently needed to keep the Tartars out and the necessities of the situation required heroic methods. It is quite possible that the Grand Canal, 650 miles long connecting Peiping and Hangchow, also was constructed by means of compulsory labor. Khubilai Khan was responsible for much of this project which was carried out at the end of the 13th century.

Chinese labor of the "contract" variety, another word for "compulsory," has on many occasions in the not-distant past been utilized abroad. Chinese laborers from Canton built the first American trans-continental railways and

opened the gold mines of California. They also opened the gold mines in Australia. Today the Occidental world frowns on contract or forced labor, but thousands of workers from Shantung dug most of the trenches on the western front in the World War and at the present time more thousands of Shantung laborers are building railways and motor roads for the Japanese army in Manchuria.

In the Soviet Union there is no hesitation about using "forced" labor upon construction projects considered vitally necessary from the standpoint of national defense. The canal conecting Leningrad on the Gulf of Finland with the White Sea, a most ambitious project, was constructed largely with prison-labor and not all of them were prisoners of the criminal variety. Most of them, according to some reports were of the political variety, and after the job was completed large number were liberated and had their political rights restored. Much of the work on the double-tracking of the Trans-Siberian railway is being performed by this type of labor and according to report the same situation prevails on the Volga-Don canal, another ambitious project, which when completed will connect the Black and Caspian seas in south Russia.

China is short of money but has an overabundance of labor, and while the use of "forced" workers offers opportunity for inhumanitarian activities, there is little question but what thousands of prisoners now confined in jails might be better off at work on some project necessary for public welfare or national defense. And in addition to the inmates of the jails and penitentiaries, there are many more thousands of idle men in the cities and in the more-or-less useless provincial and private armies who would be better off at work. If the use of compulsory labor, recruited from the congested areas in the coastal districts, could be combined with some far-sighted scheme of settlement on the vacant lands of the Northwest the results would be highly beneficial to the national welfare.

PROPOSAL TO EXTEND FOREIGN "RIGHTS" WITH LOANS

IT is difficult to imagine a more ridiculous proposal than the recent suggestion that China might be induced to grant a further extension of the so-called foreign "rights" for a period of twenty-five or thirty years in exchange for a foreign loan. The real inspiration back of the proposal is not known, but it might well have come from the General Staff of the Japanese War Department. With the Manchurian provinces under the control of the Kwantung army and North China and Inner Mongolia drifting in the same direction, nothing could be more satisfactory to the Japanese warlords than the enforcement of some scheme which would clamp down the lid on the rest of China for a quarter of a century or longer. While Japan has declared her intention of controlling Asia, she naturally would not be averse to sharing some of the spoils with other Powers in sections of China which are not yet controlled by the Japanese army.

It is quite true that one of the reasons for lack of confidence on the part of foreign investors is the uncertainty regarding the treaty situation pertaining to exterritoriality, status of the foreign settlements and other so-called foreign "rights." But the granting of a loan to China based on a guarantee that there would be little or no disturbance of the present status for a quarter of a century would not lead to stability and a return of confidence. The reason should be obvious, because no Chinese government could enter into such an arrangement with foreign financial interests and expect to continue in power. To suggest such a thing is to ignore nationalistic developments which began long before the 1911 revolution and have continued with increasing intensity since.

China's present complications with Japan are due to this fundamantal issue of Chinese nationalism. The Japanese warlords knew that unless they moved, the Manchurian prize would slip away from them and long-laid plans for imperialist expansion on the Asiatic continent would have to be abandoned. Therefore Japan seized Manchuria and since that time has been trying to force 400,000,000 Chinese to agree to Japanese overlordship. But China hasn't agreed and will not agree until the whole country has been conquered. As these lines were written the Japanese military and diplomatic staffs were in Nanking trying to "sell" to the Nanking Government some scheme for "cooperation" between the two countries. The details of the Japanese proposal or proposals are not known, but sufficient has appeared in the newspapers to give a fairly clear idea. The matter is discussed elsewhere in this issue, but briefly Japan is offering China a loan in exchange for China's agreement to become a sort of Japanese colony. It's a sort of combination of the Twenty-One Demands and the Nishihara loans. Should Nanking accept the Japanese proposals, China might obtain Japan's help in kicking the Occidentals out of Asia, but that wouldn't help China. It would only help the Japanese warlords in eliminating competition. Any Chinese government which would agree to the Japanese proposals probably would have a civil war on its hands before many weeks. But it wouldn't be fear of a civil war that would deter Chinese officialdom. China will, in one way or another, reject the Japanese proposals, as she would reject the other international loan proposal, because their acceptance would constitute a negation of practically everything which has taken place in China in the past half century.

The situation in the Far East has gone entirely too far for anyone to consider seriously any scheme designed to restore stability or "confidence" by means of loans. China needs money desperately, but not so desperately that the Chinese people would be willing to prolong for another quarter of a century a system which has been responsible for most of the complications in Asia. K. K. Kawakami, staff correspondent of the *Osaka*

Mainichi in Washington recently sent a dispatch to his paper which contained this paragraph:

> "The fundamental difficulty between the United States and Japan is the mutual lack of confidence caused by the abnormal international relations following the Manchurian and the Shanghai incidents, How to restore this confidence is the first question at hand. Once this question as satisfactorily solved, the naval question may become easier to adjust. Confidence, however, cannot be restored by public speeches and pamphleteering."

Mr. Kawakami is exactly correct in his explanation of the reasons for lack of confidence. When the Japanese warlords scrapped the Nine-Power treaty in 1931 they destroyed confidence and stability in Asia and the further the Japanese get away from orderly and civilized methods of settling international differences, the greater will be the instability.

PUBLIC ADMINISTRATION DISCUSSED IN NEW PUBLICATION

SOMETHING new in the field of Chinese journalism has just made its appearance in the shape of a quarterly publication entirely devoted to the subject of public administration in China and quite appropriately name *The Chinese Administrator*. The sditor is Kan Nai-kuang, Vice Minister of the Ministry of the Interior. The object of the publication as stated in a Foreword, is to bring to the notice of those interested an outline of the working of the Civil Service in China and of the efforts which are being made to improve the effciency of Public Administration in China. The articles appearing in this new quarterly are mostly studies orginally written for a Chinese publication of similar character and are now published in English for the information of foreign readers who wish to acquaint themselves with the trend of modern Chinese ideas in the matter of planning administrative policy.

The principal article is by the editor himself and is entitled, "Some Problems of Public Administration in China." Mr. Kan explains that under the existing system there are three heads in each Ministry, the Minister, the Political Vice-Minister and the Administrative Vice Minister. The law makes no clear definition of their different functions. The staff may be classified into two groups: those in charge of routine work and those who are required to plan projects or form policies. The author goes in to discuss the problem of material equipment, enforcement of government orders, and related subjects. The writer explains the method of engaging members of the personnel under the Civil Service: incidentally pointing out that the spirit is different from the old Imperial classical examinations. In recent years political officials in China have been drawn chiefly from the political party or returned students from abroad. Returned students, it is stated, are well equipped with theoretical knowledge, but deficient in practical experience. It is pointed out that there has recently been a lack of discrimination in making appointments to political and administrative posts, so that men of the political type have been appointed to administrative posts and *vice versa*. The author says that ignorance on the part of political officials of administrative affairs has been the cause of considerable difficulty in directing the activities of administrative officials. Mr. Kan explains that there are three general principles in the control of administrative data, viz.:—Central control, systematic control and separate control of ordinary and confidential data.

In addition to the main article, competent individuals discuss such subjects as, Chief of Section in a Ministry, the Position of Secretaries, Organization and Operation of Purchasing Agents, Reform of Documents, Newspaper Clipping, the Problems of "Handing Over," and the Reorganization of Provincial Governments. The only foreign contributor is R. G. Somervell who writes on "Registration of Official Papers."

The Chinese Administrator is published by the China United Press, 299 Szechuen Road, Shanghai. Price $2.50 Chinese Currency per copy.

Hongkong Silver Supplies Run Short

Heavy shipments of silver from Hongkong to London during December were disclosed by official statistics of the Hongkong Government issued Jan. 28. These figures showed that HK.$306,047 worth of silver bars and 13,202,125 Chinese silver dollars were sent to the rising London silver market during December. Exports of silver from Hongkong to London thus far this month amount to 597,073 Chinese dollars. Owing to the large London shipments, the market in the southern part has been denuded of Chinese silver dollars to such an extent that the Bank of China, buying on behalf of the Chinese Stabilization Board, has been able to obtain no more than 300,000 Chinese dollars for shipment to Shanghai aboard the Canadian Pacific liner Empress of Japan. The Bank of China, according to the *United Press*, had hoped to ship at least 500,000 dollars by this vessel, but holders of the few Chinese dollars remaining in Hongkong are reluctant to selll.

Tu Yueh-sen and Others Are Decorated by Nanking Government

A Mandate issued at Nanking last week, and upon the recommendation of Hsu Shih-ying, chairman of the National Famine Relief Commission and former premier of the defunct Peking Government, Messrs. Tu Yueh-sen, (prominent Shanghai Frenchtown financier and amusement enterprise promoter), Chang Shao-lin, Huang Ching-yung, Han Yung-kun and Hsu Mow-tang were awarded the third class medal of the Order of Brilliant Jade. Au Boon-haw, a wealthy Chinese overseas, who donated huge funds to his mother country in public health and educational works, was decorated with a third class medal of the Order of Brilliant Jade. Dr. Loh Chung-an, physician practising in Shanghai, was also awarded the same medal for his services in the famine relief campaign. Wu Jui-yuen, wealthy cotton industry leader, was awarded a fourth class medal of the Order of Brilliant Jade.

Soviets Place Orders in England for £1,000,000

Orders for £1,000,000 worth of machinery and equipment for shipment to Soviet Russia have been placed in Great Britain by Arcos, Ltd., the Soviet trading organization. These have been distributed over the main industrial districts in England. The orders were placed on a cash basis. Large purchases have also been made in the British market by Arcos, Ltd., of re-export goods mainly from British Colonies and Dominions. Several groups of English factories will be busily engaged for the next twelve months in the execution of the orders, beginning with the production of the raw materials to turn out the finished product.

Mongolian Princes Present Horses to Nanking Leaders

A total of 160 thoroughbreds—the gift of Prince Yun-Tuan-Huang-Chu-Ko and Prince Te-Mu-Chu-Ko-Tung-Lu-Pu to various leaders of the Central Government,—arrived in Nanking Jan. 28.

Hanni Ito Bobs Up Again as a Shanghai Banker---Plans to "Dethrone" London!

HANNI ITO, Ambassador Extraordinary and inventor of the Philosophy of New Orientalism, has turned up again as the central motif of two full pages of paid publicity which appeared in the Jan. 17 English edition of the *Osaka Mainichi*. The object of this publicity, consisting of a dozen columns of small type, several pictures and one half-page display ad, was not only to tell the world of Hanni Ito, "tne big dark horse of present-day Japan," but also to

Hanni Ito, Japanese cult leader, who has organized a ten million yen trust company in Shanghai, the chief object of which will be to "dethrone" London as monetary controller of Asia.

disclose the important fact that he has entered the Shanghai banking field as the promotor of a 10,000,000 yen trust company. The chief purpose of this trust company, according to its promoter, is to "dethrone" London as the monetary center of the Eastern Hemisphere.

A few months ago we publisned a report in these columns about Mr. Ito and his new philosophy of Orientalism which he apparently had developed following a tour of the China coast from Dairen to Hongkong, but obviously we had no inkling at that time of his plans to enter the Shanghai financial field where almost everybody, who is anybody, already has a bank. But Mr. Ito's bank is to be a different sort of institution—in other words it has a great purpose, the dethronement of London. Therefore, more power to Hanni, who, in all probability, will shortly remove the British emblem from the front of the Hongkong and Shanghai bank on the Bund, replacing same with the Rising Sun of expanding Nippon. And since Mr. Ito has been ordained by providence as the leader of a billion Orientals, we would not be surprised shortly to observe him leading the two bronze lions down from their pedestals on each side of the steps of the H. & S. bank and then installing on their granite foundations two rampant dragons, Japanese-style, emblems of Imperial Japan.

Some words of explanation appear necessary: In which connection we state without fear of contradiction that of all the strange individuals and isms which have emerged from the extraordinary conditions which have prevailed in Japan in recent years, none are more strange or extraordinary than Hanni Ito and his doctrines. As he is only thirty years of age, who can tell what he may accomplish? Perhaps he is the long looked for super-man—combination of Mussolini-Hitler-Stalin—who will lead Japan out of its present maelstrom of oriental-occidental complications. We present his picture herewith. But briefly, Mr. Ito claims to have made a vast fortune in exchange speculation when Japan went off gold. Then he became editor of the *Kokumin Shimbun* and for a time entertained its readers with his views on the future destiny of Japan. But finding that newspapers often are expensive vehicles, particularly when they lose money, he gave this up and in recent months, has contented himself with the occasional exposition of his views in the form of paid advertisements in newspapers and magazines owned by other people.

To Jimmie Young, business manager of the *Japan Advertiser*, goes the chief credit for the discovery of Hanni Ito from the standpoint of the English language press in Japan. As the business manager of B. W. Fleisher's American paper in Tokyo, it is Jimmie Young's business to bring in all the advertising available. Noticing the large advertisements of Hanni Ito which had been appearing in the vernaculars, he approached the author and succeeded in inducing him to publish one of them in the *Advertiser*, doubtlessly pointing out that their appearance in Mr. Fleisher's paper would attract a great deal of attention in the occidental world. Mr. Young's enterprise succeeded far beyond expectation, for Ito's advertisement not only attracted attention on the part of the English-reading population generally, but also on the part of certain diplomats of important foreign nations accredited to the Japanese government. It seems that Mr. Ito, in addition to presenting his views on the future distiny of Japan, also had a few things, mostly uncomplimentary, to say about some of the leaders of other nations including Franklin Roosevelt, Ramsay MacDonald and Gen. Chiang Kai-shek. According to report, Mr. Young had not read over very carefully the numerous pages of manus-

cript which Mr. Ito had submitted as copy for his advertisement. Therefore, the *Advertiser* a few days later published a brief notice on its front page, disavowing responsibility for the views expressed by Mr. Ito and also announcing at the same time, that no further political advertisements of this character would be accepted in the American daily. This apparently explains why Mr. Ito is now running his ads in the English edition of the Japanese-owned *Osaka Mainichi.*

Aside from announcing the promotion of a ten million yen trust company in Shanghai, devoted to the ambitious project of dethroning London from its position as the monetary center of the Eastern Hemisphere, Mr. Ito also had considerable to say about the economics of foreign trade, oriental and occidental. Calling himself the "big dark horse of present day Japan," he forecasted that his new Shanghai trust company would enable the Chinese metropolis to grasp, "even more firmly" the hand of Osaka, commercial metropolis of Imperial Japan. From this point he waxed poetic, declaring that as Oriental civilization has its unfathomable depths, Occidental civilization on the other hand is shallow and inconsequential. But in spite of the shallow civilization of the Occident it appeared that Occidental capitalism had penetrated the Orient with all of its abnormalities. Calling himself the enemy of grief and the exponent of joy, he declared that since China is unable to manage her own affairs, this country has become a real menace to Japan. For this and other reasons he called upon Gen. Chiang Kai-shek to "come to his senses," for only in this manner can China cooperate with Japan to the end that a new era will dawn on the world. To accomplish this Hanni Ito stands ready to "sacrifice everything." There is no reason, in his opinion, why continental Asia, under the leadership and control of Japan, should not hold the rest of the world at its mercy! This combination of Japan and China, in which Manchukuo (by all means) should be included, will later be reinforced by India, Annam and the Philippines. But there is a serious stumbling block in the way of accomplishing this ideal. We quote Hanni's own words, "The greatest stumbling block in the path of realization of the New Orient is Chiang Kai-shek, head of the Nanking government."

Hanni Ito's views on the economics of foreign trade are equally interesting. Of what use, he demands, are exports valued at Yen 2,000,000,000 when it becomes necessary to import Yen 2,100,000,000 from other countries? This is no better than the barter system of primitive times. What Japan and the Orient should do is discontinue the "harmful" Occidental trade and this will enable the Orient to adjust its commodity prices and release itself from the danger of import excess. Free industry, restricted to the Orient, "will then be reborn," he declared. Finally, he had something to say about currency. As currency is a necessity, he could see no reason why everybody should not be more plentifully supplied with it. "Since currency is a wonderful instrument in that it brings joy and drives away sorrow, I shall see that all Orientals get a bigger supply of currency."

But space is inadequate for a complete exposition of Hanni Ito, save to state in conclusion that in addition to the promotion of the Shanghai trust company, he also is heading a movement for the organization of a national volunteer organization which will accomplish a drastic reorganization of both Japan and China, at the same time eliminating all Occidental influence. This, he declared, will be accomplished "while the Japanese Kwantung garrison may be depended upon to safeguard Manchukuo."

A. Morgan Young, editor and publisher of the *Japan Chronicle*, well known British paper at Kobe, in the course of comment on Mr. Ito's political and economic theories, suggested that it perhaps was fortunate that Ito's name was better known on the China coast and the Near Seas than is was in Japan! The editor of the *Chronicle* said that Ito's declarations might be dismissed as "laughable claptrap," were it not for the fact that he claims to have the ear of the War Office and the General Staff. This, of course, makes it a more serious matter.

Death Penalty for Two More "Sheng An" Pirates

The appeal of the five Europeans against the sentences imposed upon them by the Dairen District Court for the piracy of the Chinese s.s. *Sheng An* in Chinese waters in June, 1933, resulted in increased penalities for two of the convicted men. After a protracted hearing the Appellate Court in Port Arthur Jan. 29 delivered its verdict, which is as follows:—

Confirmation of the death sentence upon Captain Hugo Taudien, the ringleader of the gang, and Heinrich Westermann;

Alteration of the sentence of life imprisonment imposed upon Arthur Gautchi and Walter Muller to death; and

Confirmation of the sentence of 10 years' imprisonment upon George Schroeder, the fifth accused.

Outer Mongolian Troops Still in Kahlkamiao

Outer Mongolian troops are still are holding the Khalkamiao area near Lake Buir on the Manchukuo-Outer Monglian border, a communique issued Jan. 30 by the Kwantung Army Headquarters stated. On Jan. 28 the written request of the Manchukuo authorities for the withdrawal of the Outer Mongolian troops was returned to a Manchukuoan military outpost at Hundlan, without any reply.

U. S. Willing to Reduce Naval Strength if Ratio Maintained

The United States is willing to reduce its present naval strength providing that the present 5-5-3 ratio is maintained, Mr. William Phillips, Under Secretary of State, declared in a speech in New York, Jan. 27. Mr. Phillips declared that the United States Government is perfectly willing to open negotiations upon such a basis when there is any prospect of them being successful. The Under Secretary reiterated the United States belief and continued support of the "open door" policy, declaring that it is a world-wide, rather than a purely Oriental doctrine. "Universal respect of the application of the open door contributes substantially towards world stability and the maintenanee of peace," Mr. Phillips declared.

Former Hongkong Governor Recommends Transfer of British Legation

In the course of a letter to the *London Times*, quoted by *Havas*, Sir Cecil Clementi, formerly Governor of Hongkong, and later Governor of the Straits Settlements, advocates the removal of the Britain Legation in China to Shanghai, which, he argues, is a convenient centre from which the Minister could travel to all parts of China and which is within easy reach of Nanking. Sir Cecil points out that Peiping is not a true Chinese capital but "rather a centre from which northern invaders and conquerors sometimes dominated the eighteen provinces." Peiping, he says, is now reduced to the level of a prefectural town in an outlying corner of China and is not a suitable place for diplomatic envoys to be stationed.

Japan's Recent Activities in Chahar Evoke World-Wide Criticism

Japan's recent activities in Chahar, and her policy towards China in general, have been sharply criticized in many parts of the world.

The threat made by the Kwantung Army to take action unless the disputed area between Chahar and Jehol is evacuated by the Chinese forces, caused the *Manchester Guardian*, which for the past few years has been a strong critic of Japan's actions in Manchuria, in the course of a leading article Jan. 23, to emphasize that Japan could not now appeal to the "natural boundary" or the strategic advantage of the Great Wall, as she did last year, when Dolonor was occupied by Japanese and Manchukuo troops. The *Guardian* also called attention to the denial issued by the Chinese authorities concerning the alleged activities of the Chinese authorities concerning the Chinese militia in the territory now under dispute. It expressed the opinion that the reason for Japan's present action may be divided between a belief that gold exists in the disputed area and a general desire to round off the wedge she has driven between China and Soviet Russia.

Moscow *Pravda* printed an article signed "T. E." entitled "The Tragedy of Chahar." The gist of the article was that "Japanese imperialism is utilizing every available means in order to gradually, part by part, bring under its control the whole of Inner Mongolia." Further, the author says: "It is not a matter of 'righting the boundaries' (of Japanese-controlled Manchuria), but the seizure of still one more Chinese province which possesses not only economic, but considerable strategical significance as well. The south and southwest of the province of Chahar come up to the province of Suiyuan and the point of strategical importance of this province—Kalgan. The northwestern boundary of Chahar touches that of the Mongolian Peoples Republic (Outer Mongolia). Japanese imperialism is stubbornly trying to win a firm footing in this region, and this is part of its far reaching aggressive plans on the Asiatic mainland. After the occupation of Jehol those in command of the Japanese army commenced the building of highways on a tremendous scale in order to make as easy as possible the penetration of troops and military supplies as well as military agents to the west and southwest—into the provinces of Inner Mongolia. And since then a number of highways, a number of which extend far beyond the borders of Jehol and a number of telegraph lines, radio stations, military storehouses, airdromes, etc., have been built."

Apprehension concerning the situation in the Far East was expressed by Lloyd George in a speech at Birmingham Jan. 26. "I think that events in that quarter," he declared, "are gradually approaching a point where the United States and Britain can no longer safely put off and procrastinate." The speaker added that he did not like "to read of China being eaten by gulps of thousands of square miles at a meal. Surely that must stop."

The situation in the Far East was also the subject of a leading article in the London *Observer* Jan. 26 stressing the necessity for co-operation between Great Britain, the United States and Soviet Russia. "Nothing," declared the *Observer*, "can control the Far Eastern situation nor prevent its ominous development but a solid understanding between the United States, Great Britain and Russia without prejudice to the existing position of Japan. The situation will drift gradually from bad to worse so long as the dominant extremists in Japan feel as they do now, that no solid restraining force exists and that they may do what they please with impunity."

HARD OF HEARING

—*From the Chicago Tribune*

Japanese Activities in Chahar Cannot Intimidate Mongols

High Mongol sources in Peiping declared Jan. 29 that Japanese military activities in Chahar are doomed to failure if they are intended to intimidate the Mongols, who regard proposals that they submit to Japanese regimentation as unalluring. Mongol officials insisted that they are not interested in the enticements held out by the Japanese.

Geneva Journal Sees New Danger in Far East

Commenting on the Japanese action, the *Geneva Journal of Nations* said: "The action by the Japanese Army is directly contraditory to the political action of the Japanese Government, whose Hirota speech is the last manifestation. A new danger now appears in the Far East."

Gen. Chiang Tells Ariyoshi He Regrets Chahar Clash

A *Rengo* message from Nanking Jan. 30 stated that regret that the Chahar clash should have taken place immediately after the address in the Diet by Mr. Hirota outlining a new Japanese-China policy was expressed by Gen. Chiang Kai-shek, chairman of the military affairs committee of the Nanking government, in an interview with Mr. Ariyoshi, Japanese minister to China. "Gen. Chiang, however, highly praised the principles enunciated by Mr. Hirota," Mr. Ariyoshi told Japanese reporters as he left the official residence of the chairman in the Military Academy Compound.

Mr. Hirota Considers "Positive" Policy for China

A *RENGO* message from Tokyo Jan. 25 stated that a "positive diplomacy" towards China is being considered by Koki Hirota, Foreign Minister. Speaking before the House of Representatives, in the course of a reply to heated criticisms of the Government's foreign policies, Mr. Hirota also declared that he intended to make representations to Soviet Russia on the subject of Soviet military preparations on the Manchukuo borders. "We are considering a non-aggression pact with Soviet Russia, but a mere written agreement is useless unless we find a solution for all the outstanding problems before we conclude the agreement," Mr. Hirota stated. The Foreign Minister also assured the House that there will be no war during his tenure of office.

Mr. Hirota Stresses Necessity for Armaments

The necessity to maintain armaments in Japan in view of the heavy shipbuilding programs of "other powers" was stressed by Mr. Hirota, Foreign Minister, in the course of his reply to the criticism of his foreign policies by Mr. Ashida, a Seyukai member of the House of Representatives and proprietor of the *Japan Times*, Tokyo daily. Referring to the Russo-Japanese relations Mr. Hirota stated that it was "most important" that Manchukuo and Soviet Russia conclude an agreement prohibiting fortification of the borders between the two nations. In suggesting this step, Mr. Hirota pointed to the usfulness of the Portsmouth Treaty of 1905 which prohibited the fortification of the Russo-Japanese border in Saghalien and the Russo-Korean border.

Government's Financial Policies Criticized

The alleged failure of the Government to restore the prosperity of the farmers was severely criticized by Kiroku Ohguchi, a member of the Seyukai, at the opening meeting of the Diet Budgetary Committee. Jan. 25. The elimination of budgetary deficits, declared Mr. Ohguchi, could best be carried out through drastic reductions in the military appropriations. But, since that is "difficult to do," Mr. Ohguchi said, the Government should have tried to restore the economic power of the nation. Mr. Ohguchi declared that the Government failed to do this, the farmers and the petty and middle-class merchants and manufacturers falling into "extreme poverty."

Chinese Military Attache Confers with Hayashi

Major-Gen. S. S. Hsiao, Chinese military attache, left Tokyo Jan. 29 on orders from the National Government recalling him to Nanking. Maj.-Gen. Hsiao was closeted fore more than an hour with Gen. Hayashi, minister of war, at the latter's official residence.

Japanese Army Chemical Units Hold Secret Maneuvers

Extensive tests of the latest developments evolved by the Japanese Army chemical branch were begun amid the strictest secrecy at the Akeba Field near Nagoya, Jan. 25. The maneuvers lasted one week. Participating in the mock warfare with the newest weapons of the Impetial army were units attached to the Army Chemical Research Institute outside Tokyo, and the specially-trained forces of the China Infantry School.

Japanese Professor Commits Suicide in U.S.

Kohei Shiga, 40-year old professor of mathematics at the Tohoku Imperial University at Sendi, and who for the last two years had been doing advanced work in physics at the University of Chicago, slashed his throat with a pen-knife on a train bound for Washington Jan. 28.

Gendarmerie Seek Manufacturers of "Chinese Propaganda" Matches

Shizuoka gendarmerie headquarters are reported to be seeking manufacturers of matches contained in boxes carrying "Chinese propaganda slogans." The match wrappers read: "Chinese! Abandon internecine warfare and assert your national sovereignty! Recover the Lost Provinces!"

Kobe Cotton Mill Builds Huge Dormitory

The Kanegafuchi spinning mill's dormitory for girl operatives, which has been under construction in the mill's compound at Yoshida-cho, Kobe, since last May, at a cost of Yen 260,000, is nearing completion, says the *Kobe Shimbun*. The dormitory, which is to be opened this month is capable of accommodating about 570 operatives. The company intends to build two or three more dormitories, so as to accommodate most of the 3,000 girl operatives now working at the mill.

Osaka Paper Urges China to Form Bloc With Japan

The fundamental principles of Japan's policy towards China in 1935 formed the subject of a lengthy article in the *Osaka Mainichi* by the paper's political correspondent Jan. 29.

Declaring that these principles are expected to be based upon efforts to show China the necessity of throwing overboard her age-old traditional policy of befriending distant states and antagonizing her neighbors, the correspondent gives nine salient points which the Foreign Office will take into account in the formation of Japan's policy toward China.

These points he enumerates as follows:

1. Maintenance of China's integrity, hoping that the first steps will be the extermination of Communists and the curbing of all anti-foreign agitation.

2. Formal negotiations for restoring Sino-Japanese relations to normalcy.

3. While the Japanese Government has traditionally stood for non-intervention in China's internal dissensions and neutrality in her factional strife, nevertheless Japan is prepared to extend political, economic, military and any other aid to any individuals or groups of sufficient caliber to assume full responsibility for a unified China.

4. Japan will gladly exchange ambassadors, and will unhesitatingly enter into a Sino Japanese pact similar to the Japan-"Manchukuo" protocol, providing China realizes the interdependence of herself and Japan and recognizes her position as an important cog in the peace of the Far East, instead of leaning solely upon Europe and America.

5. Japan would prefer, in connection with Far Eastern political questions, to enter into a separate pact with China, as "she can no longer recognize the principle of multilateral pacts similar to the Nine-Power Treaty, which admit of third parties."

6. Respecting military problems in the Far East, Japan desires China to pledge not to appeal to the League of Nations —even to withdraw from the League—and also to replace European and American advisers by Japanese.

7. Japan considers the formation of a bloc between China, "Manchukuo" and Japan imperative, in which connection she is prepared to accord China extensive financial aid.

8. If China shows sufficient sincerity in regard to all the previously mentioned points, Japan is prepared to make the North China truce agreement into a permanent treaty and to establish a permanent neutral zone between China and "Manchukuo."

9. Japan considers, in connection with a possible bilateral Sino-Japanese Treaty, that appropriate negotiations should start six months after March 27, the date upon which Japan's withdrawal from the League becomes effective.

Japanese Financiers Ready to Aid China—If She Ends Boycott

Japanese financiers are ready to given China economic aid, if she puts an end to the anti-Japanese movement, Tokyo financial circles declared Jan. 30. Pointing to the Yen 800,000,000 of Japanese unadjusted loans to China, these circles stated that loans in kind were the advisable form of aid.

Ariyoshi and Wang Ching-wei Discuss Sino-Japanese Questions

Akira Ariyoshi, Japanese minister to China, called on Wang Ching-wei, president of the Executive Yuan and minister of foreign affairs, at Jan. 29 when he, among other things, brought up the question of alleged renewal of the anti-Japanese boycott movement in China. The Japanese envoy, according to Kao Tsung-wu, assistant of the Bureau of Asiatic Affairs of the Foreign Ministry, who was present during the call of Mr. Ariyoshi, cited reports received by the Japanese consulate in Shanghai and expressed his hope that the Chinese government authorities would take appropriate measures to deal with the anti-Japanese boycott campaign.

In reply, Mr. Wang is said to have promised to have the matter investigated with a view to future discussing of suitable measures to be taken.

Referring to the Chahar problem, Mr. Ariyoshi, according to Mr. Kao, assured the Executive Yuan chief that the situation will not be aggravated and that a "local amicable settlement" will be reached soon.

The Japanese envoy was a guest of honor at a dinner given by Mr. Wang at which General Huang Fu, chairman of the Peiping Political Affairs Readjustment Committee, and Messrs. Hsu Mo and Tang Yu-jen, vice-ministers of foreign affairs, were also present.

Prediction that all outstanding issues between China and Japan will be settled amicably was made by Mr. Ariyoshi, following his meeting with Wang Ching-wei, .

Seyukai Presses Attack on Communications Minister

Continuation of the Seyukai party attack on Mr. Tokonami, Minister of Communications, who was accused in the House of Representatives on January 23 of accepting a $500,000 bribe from Marshal Chang Hsueh-liang in December of 1928, was considered certain by informed political circles, according to a Tokyo message dated Jan. 29.

Alleged Bribe Accepted From Chang Hsueh-liang

Mr. Yamaguchi declared in his original attack:—"Army authorities have ascertained that a receipt for that amount, signed by Marshal Chang, was issued to Masasuke Akatsuka and Kazubume Tsuruoka. The circular printed a facsimile of the signature, clearly showing that Mr. Akatsuka and Mr. Tsuruoka were your agents. The circular stated that the act was traitorous. The Tanaka Cabinet, you will recall, was extremely firm towards Chang Hsueh-liang, which caused him great concern. At that time, Mr. Tokonami was travelling in Manchuria and China, and there was a meeting between him and Marshal Chang in Mukden. I think that Mr. Tokonami must have then given some sort of a promise to Marshal Chang as to Japan's future policy toward China, and I believe any reasonable person would entertain such a suspicion. When a statesman is accused of selling his nation, the merest rumor cannot be overlooked."

Radical Changes in Japanese Judicial System Urged

Radical changes in the Japanese judicial system, whose members were quoted as saying that their "mission consisted in carrying out a bloodless coup d'etat," were urged upon Mr. Obara, minister of Justice, by Dr. Iwata in the course of an hour's debate in the House of Peers Jan. 29. The minister withheld his reply.

Again charging that the personal rights of the defendants in the Finance Ministry Scandal had been violated by the judiciary, Dr. Iwata declared that "it was clear" that confessions had been wrung from the suspects. Among the latter were Baron Kumakichi Nakajima, former minister of commerce and industry; Chuzo Mitsuchi, one-time minister of railways and Hideo Kuroda, former vice-minister of finance, and 13 other government and bank officials.

Japan Imports Much Pig Iron from India

British Indian pig iron totaling 200,000 tons will be imported into Japan during the first half of 1935, according to a contract just signed between the Pig Iron Joint Sales Company and Indian producers. During the first quater of this year 130,000 tons are expected to be delivered. It is estimated that Japan will need 1,600,000 tons of pig iron in 1936. For this the domestic supply totals only 1,600,000 tons, of which 650,000 tons will be supplied by iron smelters in Japan and 350,000 tons by those in Manchukuo. The shortage of 600,000 tons in 1935 will be met by imports.

Japan May Be Forced to Ship Gold to England

The Tokyo *Hochi* says that if the trend of this year's trade makes it necessary, Japan may ship gold to England for redemption of the S.M.R. debentures. The sudden rise in the price of gold purchase on January 11 has much to do with this affair. The Japanese Government has now set about controlling demand for foreign currency. It has controlled the electric power companies' plan to purchase back their foreign debentures, aroused attention regarding Manchurian investments, and is now endeavoring to stick to the letter of the law for prevention of the flight of capital. What results will follow is now being watched. The Bank of Japan's specie reserves have increased by Yen 40,000,000 since the gold purchase was started.

It is now felt in Japan that if the results of this year's trade prove less advantageous than expected, Japan may be forced to ship gold to England. Compared with a normal situation. Japan's trade recently has shown a drop of Yen 20,000,000 in exports and a gain of Yen 20,000,000 in imports.

Seiyukai Wants Increased Appropriations

The signal for a new Seiyukai drive for increased relief appropriations was given in an address by Mr. Oguchi at the meeting of the Budgetary Committee in Tokyo Jan. 25. Counter-measures against this move were discussed at length by Mr. Yamazaki, minister of agriculture and forestry, Mr. Goto, minister of the Interior and Mr. Uchida minister of railway.

Japan's National Debt Reaches Yen 9,160,165,000

At the end of 1934 Japan's national debt totalled Yen 8,650,911,000, showing an increase of Yen 829,641,000 compared with the total at the end of 1933. This figure was made up of Yen 7,242,608,000 of internal loans and foreign loans in sterling, U.S. dollars and francs equivalent to Yen 1,408,303,000.

In addition, the Government had notes issued in payment of surplus rice purchases outstanding to the amount of Yen 509,250,000, If these are included, the total national debt is Yen 9,160,165,400.

Frank Discussion of Anglo-Japanese Relations in Tokyo Journal

The reasons for which Britain seeks an Anglo-Japanese agreement were thus summarized recently by the Tokyo "Yomiuri."

1. Japan's actual position in East Asia gives proof of Japan's decisive stabilizing influence for peace in the Far East. This position has been all the more strengthened ever since the birth of Manchukuo. The condition is such that unless Japan's consent and co-operation are obtained no China policy can be hoped to be carried out completely.

2. The disunity and instability of the Nanking Government, coupled with the growing power of the Communist troops, tend to make Britain's Chinese investments and protection of her interests and rights difficult. Without Japan's co-operation protection of the vested interests is extremely difficult.

3. Since the birth of Manchukuo the Nine-Power Treaty has been placed in a state requiring fundamental re-examination, but legal examination would only lead to re-adoption of the attitude taken by the League of Nations at the time Manchukuo was founded. This would go against the Manchurian measures now envisaged by Britain. Under such circumstances the Nine-Power Pact has to be left as it is in its weakened form and Britain's China policy has to be re-oriented on the basis of re-recognition of the realities in the Far East.

4. Simultaneous with the establishment of peace and order in Manchukuo, Britain has set her eyes on Manchukuo as a safe investment and commercial market.

The above factors are viewed from the economic standpoint but from the standpoint of naval disarmament Britain will show her readiness to modify her anxiety in the Far East and reduce her military expenditure and re-examine Japan's new disarmament formula if through materialization of an Anglo-Japanese agreement Japan's China policy is brought near harmony with Britain's and the spirit of non-threat and non-aggression of Japan is expressed in concrete form even concerning her China policy alone.

The result will be to bring pressure to bear on Soviet Russia and the United States and this will be an opportunity for Britain to kill two birds with one stone.

Great Britain is extremely afraid of antagonizing the United States by concluding an agreement with Japan. It is observed as a result that Britain will choose a period when America-Japan relations are at their best, for opening concrete negotiations.

The Japanese Foreign Office authorities are showing a cautious concern about the British trend and are taking up preparatory measures in strict secrecy. The present situation in the Far East is such that Japan is in a position to take diplomatic action with China independently without suffering interference from any Power. Japan will, therefore, endeavor, it is believed, to establish peace in East Asia in a manly manner, but will ignore any agreement which does not fit the autonomous State policy of the Japanese Empire.

A Plea for Anglo-American Cooperation Against Japan

Speaking before the members of and guests of the Community Church in Shanghai Jan. 27 in an open forum there on "Anglo-American Cooperation in Eastern Asia," Dr. Leighton Stuart briefly sketched the history of western political and territorial expansion, Dr. Stuart noted that the proposals of militarist leaders in Japan bear a striking similarity to western practices of expansion in the past, a fact which the Japanese have not overlooked in justifying this policy. The elements of a new moral consciousness regarding the rights of countries exposed to this type of aggression, and the present day ease of communication, the inextricable association of peoples in their international relationships and in almost every phase of international life, render these policies no longer acceptable.

"In the face of Japanese expansion, what happened in Korea and Manchuria is only an earnest of what the present military party intends to carry out in North China, and possibly later, in the provinces of the Yangtze Valley, That is of tremendous importance to Great Britain and the United States who have common interests in religion, diplomatic relationships, commerce and peace. I think," continued Dr. Stuart, "there can be no delusion regarding the intent of Japanese leaders to relentlessly and ruthlessly carry out those intentions. Those who have kept in contact with the four eastern provinces agree that the programme thus far begun, will be applied and carried out without consideration for the influence of western nations.

"The only factor that it seems to me can resist those aggressive movements, apart from internal resistance in China, is the announcement of a statement of identical, joint policy, some sort of a categorical statement that our two countries, Great Britain and America, will act together in ny policy of aggression in China. I wish there were more reasons to hope for such a statement, for I believe it would stop any further overstep by military forces, and that it used not involve us in war which is one of the big reasons behind the extreme caution of our countries."

Japan's New Policy Involves an "Alliance" With China; Fresh Complications in Chahar Are Feared

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Points of New Japanese Policy Towards China Enumerated.**
2. **Important Sino-Japanese Conference at Nanking.**
3. **China Observes 3rd Anniversary of Shanghai War.**
4. **More Troubles Expected in Chahar as Japanese Troops Busy.**
5. **Cninese and Japanese Casualties in Chahar Fighting.**
6. **General Chiang Kai-shek to Establish Field Headquarters at Ichang.**
7. **More Red Strongholds in Kweichow and Szechuan Captured.**
8. **Hu Han-Min's Attitude towards Nanking Still Defiant.**

The fundamental principles of Japan's policy towards China in 1935 were discussed in an article on Jan. 29 in the *Osaka Mainichi* by the paper's political correspondent. Declaring that these principles are expected to be based upon efforts to show China the necessity of throwing overboard her age-old traditional policy of befriending distant states and antagonising her neighbours, the correspondent gave the following nine salient points which the Foreign Office will take into account in the formation of Japan's policy towards China:

1.—Maintenance of China's integrity, hoping that the first steps will be the extermination of Communists and the curbing of all anti-foreign agitation.

2.—Formal negotiations for restoring Sino-Japanese relations to normalcy.

3.—While the Japanese Government traditionally has stood for non-intervention in China's internal dissensions and neutrality in her factional strife, nevertheless Japan is prepared to extend political, economic, military, and any other aid to any individuals or groups of sufficient calibre to assume full responsibility for a unified China.

4.—Japan gladly will exchange Ambassadors, and unhesitatingly will enter into a Sino-Japanese pact similar to the Japan-Manchoukuo protocol, providing China realises the interdependence of herself and Japan and recognises her position as an important cog in the peace of the Far East, instead of leaning solely upon Europe and America

5.—Japan would prefer, in connection with Far Eastern political questions, to enter into a separate pact with China, as "she no longer can recognise the principle of mutilateral pacts similar to the Nine-Power Treaty, which admit of third parties."

6.—Respecting military problems in the Far East, Japan desires China to give a pledge not to appeal to the League of Nations—even to withdraw from the League—ano also to replace European and American advisers by Japanese.

7.—Japan considers the formation of a bloc between China, Manchoukuo, and Japan imperative, in which connection she is prepared to accord China extensive financial aid.

8.—If China shows sufficient sincerity in regard to all the previously mentioned points, Japan is prepared to make the North China truce agreement into a permanent treaty and to establish a permanent neutral zone between China and Manchoukuo.

9.—Japan considers, in connection with a possible bilateral Sino-Japanese Treaty, that appropriate negotiations should start six months after March 27, the date upon which Japan's withdrawal from the League becomes effective.

IMPORTANT SINO-JAPANESE CONFERENCES AT NANKING

The Japanese press also gave prominence to the conversations in Nanking on Jan. 29 between Akira Ariyoshi, Japanese Minister to China, Wang Ching-wei, President of the Executive Yuan, and Gen. Chiang Kai-shek, and also to the conference between Lieut-Gen. Suzuki, Military Attache to the Japanese Legation and Gen. Chiang. Concrete measures for settling outstanding problems between China and Japan were described as the subject of the conferences. It was also expected that Mr. Ariyoshi would manifest Japan's intention to assist China in her peaceful constructive programme.

Among the questions to be discussed were, according to the newspapers, the following:

1. Economic co-operation between China and Japan, chiefly regarding the proposed readjustment of China's finances and the exodus of silver from China.

2.—Japan's assistance in suppressing communist-bandits in China.

3.—Improving and strengthening the commercial relationship of China and Japan.

4.—Suppression of anti-Japanese agitation in China.

5.—Revision of unilateral treaties.

6.—Funding of loans granted by Japan to China.

7.—Other problems concerning China and Japan which are now pending.

MORE POINTS OF JAPANESE NEW POLICY ENUMERATED

Further reports by the *United Press* from Tokyo state that the main features of Japan's new policy towards China will contain the following points:

1. Japan will demand that China continue to suppress her anti-foreign agitators by her efforts with a view to maintaining her "face" as a law-abiding country. She will be held especially accountable for such suppression after she has been successful in exterminating the communists.

2. Japan will continue her traditional policy of non-interference with China's internal government and administration, and if China can produce one man who is willing to and capable of assuming the responsibility of governing the country, Japan will be unsparing in her support of him, politically, militaristically and economically; in the form of men, money, and other resources.

3. If China will realize that she is a part of the foundation for the peace in the Orient along with Japan and Manchuria and discard her pro-European and pro-American sympathies, Japan will institute an exchange of Ambassadors with China and will also be willing to conclude definite treaties with her.

4. Japan will always stand ready to form an economic bloc with China and Manchuria. If China will cease to continue her policy of be-friending distant states and of antagonizing her close neighbours, and stop depending upon Europe and the United States for support, Japan will be glad to negotiate in the form of goods and supplies.

5. If China will show her sincerity regarding the forementioned suggestions, Japan will be glad to make the temporary agreement regarding the cessation of hostilities in North China a permanent one and will make border areas between China and Manchuria inviolable forever.

Japan is prepared to cooperate with China, if the latter abandons her anti-Japanese attitude, Mamoru Shigemitsu, Vice-Minister for Foreign Affairs, told Sir Robert Clive, British Ambassador to Tokyo, on Jan. 28 in the course of an hour's exposition of Japan's foreign policies. Mr. Shigemitsu also assured the British Ambassador that there will be no more clashes between the Japan-Manchoukuo forces and General Sung Chen-yuan's troops, provide the latter do not "invade" Manchoukuo territory.

HUANG FU SAID SEEKING MORE POWER IN DEALING WITH SINO-JAPANESE ISSUES

In connection with the present visit of General Huang Fu, Chairman of the Peiping Political Council, to Nanking, a *Rengo* dispatch to the *Japan Chronicle* on Jan. 18 stated the primary object of his visit is to ask the leaders of the Nanking Government to grant him a wider scope of power in dealing with Sino-Japanese problems in North China. According to the dispatch, the proposals which General Huang is reported to advance to Nanking will be based along the following lines:

1. that in order to stamp out the anti-Japanese movements in the North, the Tangku Truce agreement be transformed into a new general political agreement, by which the Japanese authorities be given ample guarantee as to China's assistance in dealing with Sino-Japanese problems;

2. that efforts be made to promote the establishment of air-way, telegraphic and telephonic service between China and Manchukuo;

3. that Japanese military advisers be invited to join the staff of the Chinese military forces in North China, so that a better understanding may be reached with the Japanese Kwangtung Army;

4. that measures be taken to establish firmer economic co-operation in North China between Japan and China.

DETAILS OF SINO-JAPANESE MEETING AT NANKING

Prediction that all outstanding issues between China and Japan will be settled amicably was made Jan. 29 by Akira Ariyoshi, Japanese Minister to China, following a two-hour meeting with Wang Ching-wei, President of the Executive Yuan. Mr. Ariyoshi stated that among the issues discussed with Mr. Wang were those of the anti-Japanese movement in this coutnry, the reinstatement of Mr. Hirokichi Kishimoto in the Chinese Customs Service, the Jehol clash, and the question of foreign pilots on the Yangtze River. The Japanese Minister stated that the Nanking Government has decided to delay the enforcement of the recent foreign pilotage decree for three months. Mr. Ariyoshi also said that he informed Mr. Wang of the views of the Japanese Government on the projected increases in the Chinese Customs tariff. The Jehol clash, Mr. Ariyoshi said, will be settled by the Chinese Government as a local issue.

MEMORY OF JAPANESE INVASION OF SHANGHAI REVIVED

Monday, Jan. 28, being the 3rd anniversary of the Japanese war on Shanghai, flags on the buildings of all the Government organs and the schools in Nanking were flown at half-mast in memory of the war. A 3-minute silence was observed by the Government officials who attended the Memorial Service that morning held at the National Government House as a tribute to those who had paid their supreme sacrifice during the war.

Ting wei-feng, a member of the State Council, was the principal speaker on the occasion. He briefly reviewed the events leading to and during the Shanghai outbreak and called attention to the growing seriousness of the national crisis since that time. To save China from the crisis, Mr. Ting urged that the whole country should unite and support the Central Government as without internal unity and whole-hearted support, the Central Government could hardly be expected to cope effectively with the situation.

Special commemoration exercises were held throughout Shanghai on Monday on the anniversary of the Sino-Japanese hostilities which broke out in Shanghai on January 28, 1932, with the invasion of Chapei. The Shanghai Tangpu held a meeting at 10 o'clock in the morning at its headquarters in Feeng Ling Jao.

A five-minute silence was observed from 1:28 p.m. to 1:33 p.m. throughout the entire Shanghai district, and all Chinese radio stations suspended operation during that period. Special programs in memory of the occasion were broadcast throughout the remainder of the day. The Chinese national Flag was flown at half-mast during the day.

The *Shanghai Evening Post* gave the following resume of the Incident:

> Three years ago today, the culminating point was reached in a dramatic series of events which led to Japan's armed on of Shanghai, to five weeks of sanguinary struggle exacted a toll of thousands of lives and property ge into many millions of dollars.

Highlights of that five-week period, from the proclamation of a State of Emergency by the Shanghai Municipal Council in the afternoon of January 28, to the retreat of the Nineteenth Route Army on March 1-2, were indelibly engraved in the memories of Shanghai residents and still form a popular subject of reminiscence. The bitter five weeks' struggle turned Chapei into a shambles.

When, supposedly as an act of retaliation against the Chinese, Japanese ronins set fire to the San Yue Towel Factory in Yangtszepoo it became clear that a more serious situation was impending. The next fevered incident took place when a Chinese crowd assaulted five Japanese monks.

The Japanese reply was an ultimatum delivered to Mayor Wu Te-chen by the commander of the Japanese Naval Landing Party, demanding the cessation of the boycott and all other forms of anti-Japanese activitv and the withdrawal of the Nineteenth Route Army which was doing garrison duty to a line 20 miles distant from Shanghai.

At this point, the various Nineteenth Route Army units commenced digging themselves in. Sand-bag emplacements and barbed wire entanglements were erected along the northern boundary of the Settlement. Defenses were strung out along the Shanghai-Weosung Railway from North Station onwards. After stalling for a day or two, Mayor Wu finally accepted the Japanese ultimatum in the afternoon on January 28.

As dusk descended in the cold late January evening, Shanghai waited with tense expectancy to see what would happen. Had Mayor Wu's acceptance of the Japanese ultimatum staved off the threat of military action?

As the hands of the clock crept towards midnight, a force of Japanese marines numbering about 1,500 was ordered to advance from its defense position in the Hongkow section of the Settlement into Chapei. War had started.

The soldiers of the Nineteenth Route Army offered a resistance to the marching men of Nippon, as unexampled for its determination and fierceress as it was unexpected by the Japanese, who had confidently spoken of an easy walkover.

For close to five weeks the Chinese defense lines held intact against the war machine brought to bear by Japan to achieve her purpose of ousting Chinese tropo from Shanghai. The Chinese lines were bombed from the air, shelled from warships cruising up and down the Whangpoo River, subjected to devastating artillery and machine-gun fire.

The Chinese defenders, after Japan brought over successive reinforcements, were outnumbered by three to one. To the heavy naval guns, bombing airplanes and artillery of the Japanese they could reply only with trench mortars, machine-guns, riues and hand grenades. But they held on with a grim, heroic determination that thrilled the whole world.

But the end had to come. Finally the Japanese made a breach in the Chinese lines at Liuho. General Tsai Ting-kai's soldiers fell back. The retreat ended March 2 when not a single Chinese soldier remained within 20 miles of Shanghai. With extreme caution, the Japanese invaders entered the evacuated territory next day. On May 5, an agreement was signed between China and Japan whereby the area was demilitarized as far as Chinese troops were concerned.

Chapei has not yet recovered. Once a populous area with about 120,000 inhabitants, it now contains less than 70,000. Ruins of buildings shattered by gun fire, and never rebuilt, tell their tale of destruction and ruin. Foreign visitors to Shanghai usually are taken to see over the Chapei battle-field, although the most obvious signs have been removed by wrecking and sanitation crews.

FRESH COMPLICATIONS IN CHAHAR AFFAIR FEARED

Rumors are rife in North China concerning new Japanese troop movements. Among the many reports emanating from reliable Chinese sources in Kalgan Jan. 28 was one which said that the Japanese army in the disputed area was continuing to intimidate the Chinese forces.

Another reported the issue of an announcement by the Japanese on Jan. 27 that they would advance on Kuyuan, about 80 miles northwest of Kalgan and one of the main points of the recent attack. A report by the United Press from Changchun stated that many well-informed persons there believe that the Japanese troops still propose to press on to Kalgan in the near future.

These and other rumors are making the civilian population of Chahar exceedingly nervous. Refugees from the eastern part of the province are reported to be pouring into Kalgan, while a great number have already arrived in Peiping.

MORE CHAHAR CITIES CAPTURED BY JAPANESE

A telegram from Kalgan Jan. 29 reported the capture by Japanese troops of Chiaochiaweitze and Yihochen, two villages fifteen *li* east of Kuyuan, in Chahar.

DISAGREEMENT ON VENUE OF CONFERENCE

Fear for the renewal of military activities by Japanese troops in Chahar has been increased, as a hitch has occurred in the negotiations between the Chinese and Japanese authorities for an amicable settlement of the Chahar trouble, according to a report in the *China Press* Jan. 27.

The Japanese it is stated, proposed that a "peace parley" be opened in Tatan along the Jehol-Charhar border, while the Chinese insisted that the conference should be held in Peiping. More Japanese troops have been rushed from Eastern Jehol to the Jehol-Charhar border.

ANOTHER "DEMILITARIZED ZONE" SUGGESTED

The forming of a demilitarized zone along the Jehol-Chahar border as a measure to solve the present dispute was proposed by Captain Matsui, head of the Japanese military mission in Kalgan.

China is prepared to negotiate a peaceful settlement of the Charhar incident, according to reports from semi-official sources. The reports state that, if the Japanese authorities are sincere and do not further aggravate the situation, there will be not difficulty in a settlement being reached.

STRENGTH OF JAPANESE FORCES IN CHAHAR

Reports from eastern Chahar state that there are 2,000 Japanese soldiers at Tolun (Dolon Nor), eastern Charhar; 1,800 "Manchukuo" troops in the 2nd and 4th *chu* (countries) of Kuyuan, eastern Charhar; 500 "Manchukuo" and 200 Japanese soldiers at Tako along the Jehol-Charhar border; 300 Japanese and 600 "Manchukuo" cavalry units at Tungchatzu; and 400 "Manchukuo" cavalry units and 500 Japanese soldiers at Changliang and Wuniho near Kuyuan. 800 Japanese artillery and infantry units are stationed in the neighborhood of Tushihkow and 600 combined Japanese and "Manchukuo" troops at Tatan. Two Japanese airplanes scouted over Kuyuan and Tushihko yesterday. The Japanese airplanes at Tatan has been increased to 14.

FIGURES OF CHINESE AND JAPANESE CASUALTIES

Reuter reported on Jan. 25 that Tushihkow, Kuyuan and Tungchatse were bombed twice the previous day by Japanese military airplanes. 27 Chinese soldiers, one police officer and five civilians were killed in the bombing. Fifty houses were destroyed.

General Sung Chih-yuan, Chairman of Charhar, stated on Jan. 25 that Japanese aiprlanes flew to Tungshatze at noon Jan. 24 and dropped several bombs, killing one officer and 19 soldiers of the local militia corps. At 3 o'clock in the afternoon, the planes dropped a number of bombs at Tushihkow, killing one police officer, eight policemen and over 20 civilians.

Japanese Consulate up to January 24 were: one non-Commissioned officer and one private, killed; one Captain and one Lieutenant and four privates, wounded.

CHINESE TROOPS WITHDRAWN FROM DISPUTED AREA

All Chinese troops in the disputed area between Chahar and Jehol have been withdrawn, says a communique issued by the headquarters f the Kwantung Army at Changchun on Jan. 28.

A "misunderstanding," caused by the failure of orders issued by Gen. Sung Chih-yuan, chairman of Chahar, to reach front line detachments was blamed for the clashes between Chinese and Japanese troops at Wumitan on Jan. 22, and at Tungshatze on the following day, stated a *Rengo* report on Jan. 24.

Tungshatze, a district near Tushihkow in eastern Charhar, which was occupied by a detachment of Japanese troops on January 27, was evacuated on the following day, according to information from certain Chinese sources. The reason for the withdrawal was not announced. Major Nagami, commander of the Japanese troops now invading Charhar, is reported to have also returned to Tatan on the Charhar-Jehol border from the front.

Col. Takahashi, military attache of the Japanese Legation at Peiping on Jan. 29 called on General Ho Yingchin, Chairman of the Peiping Branch of the Military Affairs Commission, and had a conversation for half an hour with him on the Charhar situation. After leaving General Ho's office, Col. Takahashi was in turn called upon by Mr. Yueh Kai-hsien, commissioner of foreign affairs at Kalgan, now at Peiping, and views on the same question were exchanged.

The Chinese authorities at Peiping are understood to have received instructions from the National Government, giving definite directions as to the disposal of the affair.

Four Japanese planes flew over to Kuyuan and Tushihkow early in the morning of Jan. 29. After circling over the two cities a number of times, they then departed in the direction of Dolonor. The planes were believed to be merely on observation duty. A number of Japanese planes also visited Kuyuan on Jan. 28 and dropped a large quantity of pamphlets, announcing that the Japanese troops would continue to advance westward.

JAPANESE TROOPS HOLD MANEUVERS ALONG PING-SUI LINE

The Japanese troops stationed at Peiping would hold maneuvers for three days from Jan. 29 to Jan. 31 inclusive along the Peiping-Suiyuan Railway. Notification to this effect is understood to have been sent to the Chinese authorities. The area of the maneuvrs would extend from Changping to Hankow Pass. In view of the tense situation in eastern Chalur at the present time, the announced maneurvers are believed to be intended as a demonstration to the Chinese.

NANKING CONTINUES SILENT OVER NORTH CHINA

With the cessation of fighting in eastern Chahar, it is generally expected in Nanking that negotiations between the Chinese and Japanese authorities will soon be commenced to effect a settlement of the imbroglio. A complete silence is being maintained in official circles in Nanking regarding the affair.

The Legislative Yuan at its meeting Jan. 25 held a discussion on the Chahar affair. Sun Fo, president of the yuan, made a detailed report on the recent occurrences in that province and explained the policies and measures of the Government in coping with them. Mr. Sun then reviewed the general situation of the world and discussed the position of Japan in the Far East. Finally, he expressed the opinion that the only hope for China to save herself from the present crisis is through internal unity and united struggle.

TROUBLE IN CHINGWANGTAO BREWING

Indicative of the unsettled conditions in the neighborhood of Chinwangtao, a party of local sportsmen were strongly advised by a high Japanese official on Jan. 28 to abandon a shooting trip which they had arranged. A Japanese gunboat has arrived off Chinwangtao, and a Japanese plane is making flights over the district following an incident in which a Japanese officer is reported to have been killed while surveying the region of Chinwangtao.

To facilitate negotiations with the Japanese authorities, the Hopei Provincial Government has created a Bureau of Foreign Affairs with Chu Hsing-yuan, former Special Commissioner of Foreign Affairs for Chihli, as Director. The Bureau, which began functioning Jan. 23, is accommodated at the Hopei Provincial Government building.

MONGOLIAN COUNCIL TO MEET THIS MONTH

The Inner Mongolia Political Council has decided to call a general meeting in February for the discussion of various problems relating to the Council, including measures for reconstruction in Inner Mongolia, readjustment of taxation, expansion of the Peace Preservation Corps, and various financial problems. It is learned that although a comprehensive scheme has been worked out by the Council, no funds are available for the execution of the plans. As first step, therefore, the Council will readjust revenues which includes taxation on salt, furs, camels, sheep and cattles.

ACTION ON ABDUCTION OF HAN FENG-LIN ASKED

Prince Teh, Secretary-General of the Mongolian Political Council, has telegraphed to General Chiang Kai-shek, requesting him to instruct the Peiping authorities to clear up the Han Feng-lin case. Mr. Han, a sectional chief of the

Mongolian Political Council, arrived at Peiping from Pailinmiao early in September as a representative of Prince Teh. He was abducted from his home by a party of men on the evening of September 5 and has not been heard of since.

The arrival of a large consignment of hides and furs, totalling over 200 piculs, from the Northwestern provinces of Sinkiang, Ninghsia and Kansu, via the Suiyuan-Sinkiang Highway, has livened up business in Paotow, western terminus of the Peiping-Suiyuan Railway. According to experienced observers, if the western section of the highway remains free from banditry, there are good prospects for increased trade this year.

PANCHAN LAMA ARRIVES IN NINGHSIA

The Panchan Lama, who arrived at Ninghsia on January 22, will remain there for a few days as the guest of General Ma Hung-kwei, Chairman of the Ninghsia Provincial Government, before proceeding to Alashan. After arrival in Alashan, the Tibetan dignitary will proceed to Hsining, capital of Chinghai, where he plans to spend the summer. According to information from Ninghsia, the Panchan Lama is expected to return to Lhassa next autumn.

Chuan-Tse-Chio-Lin Hutuketu, brother of the Panchen Lama, is on his way from Peiping to Ninghsia to meet him. Interviewed, Chuang-Tse-Chio-Lin Hutuketu said that he is very anxious to meet his brother whom he has not seen for over a decade. He will also extend an official invitation, on behalf of the Tibetan authorities and people, to the Panchen Lama to return to Tibet.

Installation of the radio station at Lhassa, capital of Tibet, having been completed, direct wireless communication between Lhassa and the interior parts of China is expected to be inaugurated in the near future. The station was first erected for the purpose of facilitating Huang Mu-sung, special envoy of the national government to Tibet, with Nanking. Now, as General Huang has completed his mission there, the Ministry of Communications has decided to open the station to public use.

ENERAL CHIANG KAI-SHEK TO ESTABLISH FIELD HEAD-QUARTERS AT ICHANG

The Nanchang Provisional Headquarters of the President of the Military Affairs Commission will cease functioning as from the 31st inst. Following the abolition, it is reported that the personnel of the Nanchang Headquarters will be transferred to Ichang, Hupeh, where a Provisional Headquarters will be established to facilitate the direction of the military operations along the borders of Hupeh, Hunan and Szechuan. General Ho Chen-chun, Pacification Commander of Hupeh, will be given charge of the Headquarters.

General Liu Hsiang, Commander-in-Chief of the Szechuan Bandit-suppression Forces, has telegraphed to Nanking, reporting the removal of his headquarters to Chungking from Chengtu.

Following the detention of General Hou Chih-tan, Vice-Commander of the 25th (Kweichow) Army, by the General Staff Corps of the Chungking Provisional Headquaarters, General Wang Chia-lieh, Chairman of Kweichow, has been instructed by General Chiang Kai-shek to confer with Genereal Liu Hsiang and General Ho Kuo-kwang, Chief of the General Staff Corps, for the disposal of General Hou's men stationed along the Kwechow-Szechuen border.

RED MOVEMENTS IN SZECHUAN

The correspondent of the *North China Daily News* at Chengtu in a letter published in the paper on Jan. 21 stated that General Chiang Kai-shek had decided to set up a temporary camp in Chungking in order to facilitate the direction of operations against the Communist bandits. General Liu Hsiang will act as head of this office until General Chiang Kai-shek himself can arrive. The Chungking municipal authorities have ordered the construction of a motor road connecting the office with the aerodrome. The Central Government is reported to have decided to transfer six divisions of Kiangsi troops to Szechuan. On arrival in Chungking, General Liu Hsiang is reported to have taken steps to reduce the exchange rate on Shanghai, which he found too high, and he order the rate to be limited to 1,300 for both near and distant deliveries.

The main body of the Red forces according to information received has been moving towards places in the Suiting and Hsuenhan districts. A conference was held at Hingyuechang by a Red commander named Chen Chang-hao, and at this conference it was decided to start an offensive before the end of this month with the object of capturing Hsuenhan, Kaikiang and Kaihsien. Government spokesmen brand this statement as an obvious lie designed to attract attention from the Red's real plans. Nevertheless, the Government forces are taking precautions to be on their guard against any attack which may be launched.

The Soviet Government's headquarters is at Huchiachang, where the Reds maintain a judicial court and a wireless station. Under heavy escort a body of Red commanders recently took a trip to Lokiangkou, and carefuly surveyed strategic points along that river. Each village under their control was compelled to provide them with a certain amount of food and fuel for their winter supplies. The women of each district are being organized into military, labour and nursing corps. Thus all men and women in a Communist area are enlisted in the Red military service and stripped of their possessions for military supplies.

MORE RED STRONGHOLDS FALL FOLLOWINC TSUNGYI

Simultaneous with the recapture of Tsungyi, about 100 kilometers north of Kweiyang on Jan. 20, the anti-Red forces under General Chiang Tsai-chen occupied Siuyang and Meitang, north-east of Tsungyi. Following a severe eccounter leading ti the collapse of the Communist bases, the defeated Reds under Chu Th and Mao Tse-tung are reported to be fleeing towards Tungtze, about 30 kilometers sorth if Suiyang.

Yungshun, a Red stronghold near the border of north-eastern Hunan, has been recaptured by Government troops under the command of General Chen Chuch in co-operation with local volunteers corps. The bandit remnants are fleeing ti Lungshan district on the north-western border with Government troops is hot pursuit.

HU HAN-MIN'S ATTITUDE TOWARDS NANKING STILL DEFIANT

The *Central Press* reported that Hu Han-min, the retired Kuomintang leader, made a statement to the Hongkong press men Jan. 12 concerning the resumption of his service in the Central Government. The statement reads as follows:

1. The future of the country is still gloomy since my policies on internal and foreign affairs have not yet been adopted by the Nanking authorities. But I cannot forget peace and the welfare of the people. I earnestly hope that the Nanking authorities will radically carry out the plan of reform.

2. The rumor that I shall go to Nanking or abroad is absolutely groundless. In the statements made by Sun Fo, Wang Chung-hui, and Kung Hsiang-hsi in the recent months, it was either stated that I shall proceed to Nanking or that I shall go abroad. I do not know on what ground their statements were based. I have repeatedly declared that nobody can make arrangements for me as to my action. The credit of those who made suuch statements regardless of real facts will be impaired. I hope they will be careful.

3. My criticisms on internal and foreign affairs during the recent years were made with earnest hope that reform would result. What I proposed was entirely in conformity with the principles and policies of the Party. I was fully aware of what had been done by the Nanking authorities and there is no misunderstanding at all. It is rather funny that they prohibited publication of my statements and declared that I was always actuated by sentiment and disregarded real facts. I hope that they will in accordance with the Party principles give full liberty of expression to the people so as to give them a chance to read my writings and make a right judgment.

4. Many of my comrades and friends are living in various parts of the country and abroad. They stay here and there in private capacity, but are not on mission of peace and cooperation. The rumor that I sent representative to Nanking is without foundation.

5. I want the Nanking Government to do nothing except reform in accordance with the principles and policies of the Party. High rank and authority in the Central Government are insipid to me. I dispise those who often say that they are ready to hand over their offices to me. I think a man who fights only for high position is not a revolutionist.

Takahashi Says Manchurian Army Slashes Are Impossible

No slashes in the Japanese military expenditures in Manchuria can be considered at the present moment, Korekiyo Takahashi, Finance Minister, informed the House of Representatives in Tokyo Jan. 26.

Mr. Takahashi's stand was supported by General Hayashi, War Minister, who stated that the 1935-36 budgetary appropriation for the military expenditures in Manchuria was the "smallest possible" if one considered "the size of the Japanese Army in Manchuria and the situation." The Finance Minister reiterated his warning made earlier this month that the Japanese investments in Manchuria should be considered as investments abroad, and that some sort of Government supervision of such transactions was necessarys.

Takahashi Opposes Gold Standard in Manchuria

Unflinching opposition to proposals to place Manchukuo currency on the gold standard to tie the yuan to the Japanese yen was made by Korekiyo Takahashi, minister of finance. Replying to Mr. Yamamichi, Kokumin Domei speaker in the Budgetary Committee of the House of Representatives, Jan. 25, the veteran financier scored as premature the efforts to enforce on Manchukuo "any system to which the Chinese are unused, just because it would be more conventant for Japanese tradesmen."

In the opinion of Mr. Takahashi, before any meddling is permitted in Manchukuo's currency system, the present yuan should be made secure "so that people throughout China will know that their lives and property will be safe in Manchukuo."

Manchukuo Desires Radiophone Link with China

Negotiations between the Manchuria Telegraph and Telephone Company and the Tokyo Ministry of Communications, with a view to opening of a direct radiophone service between Manchukuo and China have been going on for some time. Since no regular diplomatic relations exist between China and Manchukuo, the Manchurian concern requested the Ministry of Communications to use its good offices in negotiations with the Nanking Government. As a preliminary step, the Telegraph and Telephone Company desires to be linked to the Japan-China radiophone service, whose inauguration is scheduled for April of this year.

Manchukuo Plans Huge Coal Mining Merger

Formation of a gigantic coal mining combine, merging the Fushun Collieries, the Manchuria Collieries Company, and mines owned by the State of Manchukuo, is expected to be announced in Changchun in the near future. The purpose of the merger is to unify coal mining activities in Manchuria in accordance with the recommendation of a Committee, representing the Government of Manchukuo, the South Manchuria Railway Company and the Manchuria Collieries Company, which was formed recently to control the country's coal mining industries. Lieut.-General Juzo Nishio, chief-of-staff of the Kwantung Army, is chairman of the committee.

Consul General Slavutsky Returns to Harbin Post

Michael Slavutsky, Soviet Consul-General in Harbin, returned to his office Jan. 29 after a five-months' furlough spent in Russia. Nicholas Rayvid, counsellor of the U.S.S.R. Embassy in Tokyo, acted in Mr. Slavutsky's place during the latter's absence.

General Hayashi to Visit Manchukuo

Plans for the visit to Manchukuo of Gen. Senjuro Hayashi, minister of war and concurrently director of the Manchurian Affairs Bureau of the Japanese Cabinet, have been drawn up. According to a tentative schedule, Gen. Hayashi will leave Tokyo earlyn May and visit Dairen Mukden, Hsin ing, Harbin, Tsitsihar and Kirin and will return by way of Seishin in Northi Korea. His journly is expected to take from three to four weeks.

Senator King Urges Enquiry Into Japan's Activities in Mandated Islands

Senator William H. King, in Washington Jan. 22, announced his intention in to press for passage of his two resolutions demanding Congressional inquiries into Japan's alleged fortification of mandated Pacific islands and the question of whether Japan's attitude toward Manchukuo constitutes a violation of the Nine-Power Treaty. The Utah Democrat issued a statement in which he credited Japan with seeking to dominate the entire Far East to the exclusion of Western Powers. "It seems quite clear that Japan intends to exercise a controlling influence over the Far East, including China," Senator King said. "It is manifest that the Nine-Power Pact is not seriously regarded by Japan in her treatment of China. I think that Japan holds the answer to the question not only of peace in the Pacific, but peace throughout the world. I hope, however, that Japan will encourage friendly re ations and will not pursue a course compelling the belief that she is seeking to control the Orient. I should regret the adoption by Japan of imperialistic military policies." Senator King then renewed his long and fiery championing of the freedom of the Philippines.

Soviets Sentence 12 More Plotters, Former G.P.U. Chief Among Them

The inquisition precipitated by the assassination of Sergei Kirov, who was found murdered in the building of the Leningrad Soviet early in December, is being pressed with unabated vigor in Russia. As a result 12 more persons were brought before the Military Tribunal of the Supreme Court last week in connection with the murder and were sentenced to various terms of imprisonment. M. Medved, (this Russian word means "bear,") former chief of the Leningrad department of the Commissariat of the Interior, received three years for "criminal neglect of duty in protecting the state," while an employee in the same department received 10 years. The sentences on the remainder ranged from two to three years.

Death of Vice Chairman Kuibyshev in Moscow

The death occurred in Moscow, Jan. 25 of Valerian Valdimirovich Kuibyshev, the Vice-Chairman of the Council of People's Commissars of the USSR and member of the Political Bureau of the Central Committee of the Communist Party of the Soviet Union. Death was due to sclerosis of heart. Among the deceased's many activities in past years was directing the October revolution in Samara and fighting against Kolchak on the Eastern and the Turkestan fronts in the capacity of a member of the Revolutionary Military Council of both fronts.

Commander Gonsharov Says Soviet Far East Army Is in Good Shape

On arriving in Moscow Jan. 25 at the head of a detachment of the Far Eastern army to take part in the 7th Congress of Soviet Republics, Corps Commander Gonsharov declared that the Soviet Russian Far Eastern army was strong enough to repel any offensive in the Far East and that the army offered adequate protection against any enemy, who could attack Soviet Russia there. In view of Japan's recent action in the Charhar province, considerable significance is attached in diplomatic circles here to Gonsharov's statement.

America to Sell Heavy Industrial Products to Soviets

A recent message from Washington, Jan. 27 stated that with the return to Washington of Alexander Troyanovsky, Soviet ambassador to the United States, events shaped a situation in which the American Government may soon become "middle man" for the sale of billions of dollars of heavy industrial products wanted by the Soviet Union in its industrialization program. M. Troyanovsky brought with him Moscow's answer to proposals of the United States Government for partial payment of American debt claims against the Soviet Union, coupled with the grant of extensive credits to Russia. William C. Bullitt, American ambassador to Moscow, is now in Washington to assist in the negotiations when they are resumed.

The U.S. Government has established for the special purpose of promoting sales to the Soviet Union, the socalled Russian Export-Import Bank. It is ready to function by means of credits advanced to United States exporters, as soon as the question of claims against the Soviet Union for confiscated property and pre-Soviet debts are settled.

General Ma Chan-shan Disowns His Son

Notices appearing in the Chinese newspapers in Tientsin vernacular newspapers purporting to be placed on behalf of General Ma Chan-shan announce that the former commander of anti-Japanese Volunteer Forces in Heilungkiang has disowned his son, Ma Kwei.

Special advices to the *Shun Pao* in Shanghai stated that through his attorney hehad placed the notices, claiming that his son has proved disobedient and slothful and that in the future the general will accept no responsibility for his actions. General Ma's son appeared in the news several weeks ago when he was arrested by gendarmes in the Japanese concession at Tientsin, and was detained by them on no specific charge for a period of 10 days. His arrest took place while he was entertaining in a Tientsin cabaret.

Dairen Discovers a Plot to Destroy S.M.R. Headquarters

The Dairen *Manshu Nippon*, Jan. 28, alleged the discovery of a plot against the South Manchuria Railway Co. and other public utility concerns in said city. The newspaper declared that four Chinese Communists had been taken into custody on charges which included a plot to destroy the Headquarters of the S.M.R. Their plans, according to the *Manshu Nippon*, provided also for the destruction of gasometers, power stations and munition depot. In addition, the four men are alleged to have conspired to assassinate leading Japanese and Manchukuo officials in the Kwantung Leased Territory.

C.E.R. Agreement Gives Details of Transfer

The contents of the C.E.R. agreement as it is to be drafted were thus given by the Tokyo Asahi, Jan. 22.

Objects of Sale

The North Manchuria Railway (former Chinese-Eastern Railway) and all property attached thereto:

1. a) The total length of the railway is 1,726 kilometers, the main line between Manchouli, Pogranichnaya and Hsinking.

b) 2,544 kilometers lines for business purposes.

c) 2,567 kilometers telegraph lines and telephone and water system equipment.

2. Rolling stock and freight trains belonging to the railway.
3. Various factories, forestry rights and all other property.

Price of Transfer

1. Yen 140,000,000 and about Yen 30,000,000 for retirement allowances for the Soviet employes.

Terms of Transfer

The price above given be paid both in cash and goods. One-third of the price be paid in cash and two-third in goods. Payments be made in three years.

Method of Cash Payments

The amount of cash payments constitute one-third of the total payments and is to be paid in three years. Half of the cash payments be made simultaneous with signing of the agreement, the rest to be paid in the subsequent three years.

1. In consideration of a change which may occur in the exchange value of the Japanese paper currency yen, the unit of payment, it be agreed to that in case the yen fluctuates by 8 per cent or more either way against the Swiss franc, the rate be changed according to the fluctuations.

2. An annual interest of 3 per cent be paid for the rest of the cash payment.

Method of Payments in Goods

1. The period of payments to be three years. Regarding the goods in which the two-thirds of the price is to be paid Soviet Russia will present a list simultaneous with payment. Soviet Russia desires to include such goods as rice, raw silk, silk textiles, small vessels, electric machines and apparatus, fishnets, copper, tea, Manchurian beans and red bean among the goods the country will receive. Contracts to purchase these goods will be entered into within six months after signing. But Soviet Russia has declared that the country would not buy arms.

Payment Guarantee

Concerning payments either in cash or goods the Japanese Government guarantees that Manchukuo carry out payments completely. A formal document to the above effect will be conveyed to Soviet Russia by the Japanese Government.

Method of Deciding on Prices of Goods

Arbitration on the prices of commodities to be settled by a mediation committee to consist of one Japanese, one Manchurian and two Soviets. In case of failure to decide the matter to be transferred to diplomatic negotiations between the Japanese Government and Soviet Government if it concerns Japanese merchants, and between the Manchukuo and Soviet Government if the matter concerns Manchurian merchants.

Railway Transfer and Connection With Other Railways

1. Property transfer:—In order to make clear the objects of transfer a balance sheet of the latest time will be prepared. The balance sheet is already being prepared at Harbin.

2. Property to be owned by the U.S.S.R.:—The Soviet Consulate-General, dormitories for the consular officials, books in the library for the Soviet residents, hospital 1 and school 1.

3. Contact with Ussuri Railway and Siberian Railway:—The North Manchuria Railway will be connected with the Ussuri and Siberian railways at Pogranichnaya. An agreement will be signed regarding this after the transfer negotiations materialize.

Period of Trnnsfer

All rights be transferred simultaneous with signing.

Method of Payment of Dismissal and Retirement Allowances

a) Method of dismissal:—A three-month notice be given and the Soviet employes be instructed to withdraw into Soviet territory and for this a two month notice be given.

b) The retirement fund be paid to the Soviet Government, not to individuals.

c) The withdrawing employes to settle all accounts in accordance with stipulations in the North Manchuria Railway regulations. They and the members of their families and their property of all kinds will be transported as far as Soviet-Manchukuo border free of charge.

Agreements to Be Drawn Up in English

The C.E.R. sales agreements between Manchukuo and the Soviet Union as well as the Russo-Japanese protocol guaranteeing payment by Manchukuo, will be drawn up in English.

The Soviets Make Last Minute Concessions

When Mr. Togo and Mr. Kozovsky met for their final talk at January 21, it was agreed that the Soviet side would withdraw its demand for the Japanese Government's recommendation of the international arbitration clause concerning the fulfilment of contracts between Japanese merchants and the Soviet trade representation, that the Soviet side agree to withdraw its claim that Manchukuo and the Japanese syndicate banks, in entering into contracts, should consult the Soviet trade representation, that the Soviet side heretofore insisted on the ownership of the buildings of consulates and the land on which they stood but agree to withdraw this claim. The consulates, however, should be lent, as Manchukuo insisted, for an indefinite period and without compensation so long as they are to be used for the purpose of consulates, that the method of calculating pensions be made simple according to the demand of Manchukuo. Subsequent payments of pensions to be made to the employes be made at four periods in two years. On this point, however, sanction be obtained from the Moscow Government by the Soviet delegate.

Japanese Foreign Office circles are reported as attaching little importance to the reported publication of confidentaal notes exchanged between the Tokyo and Washington governments concerning the Chinese Eastern Railway by the United States Department of State last week. A Foreign Office spokesman in Tokyo intimated that the United States had recognized Soviet ownership of the line during the Washington Conference of 1922. "The United States Government has been publishing certain diplomatic documents and I believe that those which were made public are of the time of the occupation of Siberia by the Allied forces. The State Department wrote us in August 1933 asking if the Japanese government had any objections to the publication of these notes. We replied that we did not, except a few, the spokesman said.

On the Eve of the Russo-Japanese War

The January issue of the *Chinese Social and Political Science Review* contains a translation of Russian documents (made public by the Soviets) relating to the period just prior to the Russo-Japanese War. The following are extracts:

Isvolski, Ambassador in Tokyo, in a despatch to Lamsdorf, Minister of Foreign Affairs, Dec. 18, 1900 said:

> "The condition obtaining in Manchuria is contrary to the principle of maintaining the integrity of the Chinese Empire, and constitutes a danger to Korea. Means must therefore be found at the earliest opportunity to alter this state of affairs."

In a letter written to Lansdorf from Tokyo, Feb. 9, 1901, Isvolsky said:

> "Whether or not the Japanese government will be bold enough to risk even a conflict with Russia, it is too early to predict. Neither Japan's financial condition, nor the proved good sense of the statesman now at the head of the Japanese government, allow one to suppose that premeditated, preparations for such a course are being made. I have however, more than once had occasion to point out that one must keep very seriously in mind the possibility of a sudden flaring up of public opinion. At the present moment neither our military nor naval agents have noted any military preparations on the part of the Japanese government (unless one considers as such the systematic purchase of coal). One must not forget, however, that Japan's geographical position, and also the peculiar organization of her naval and military forces enable her extremely rapidly, and without making any apparent preparations beforehand, to concentrate at a moment's notice formidable armed forces on this side of the Korean coast so that it would be quite possible for the first Japanese division to be landed in Korea almost before the news of a critical turn of affairs could be telegraphed from here to St. Petersburg."

A secret telegram from Gers, Minister in Peking, to Lansdorf, March 11, 1901, contained these phrases:—"Li Hung Chang asked me whether China could count on the support of Russia if Japan attacked her. I answered Li Hung Chang that I did not as yet know anything about Japan having the intentions he ascribed to her."

Heroin Manufacturing Plant Raided in Shanghai

Nine Chinese, including three women, were arrested by a party of Shanghai International Police when they raided B-11½ Sinza road Jan. 24 where a drug manufacturing plant was discovered. Fifty-three pounds of opium and 84 ounces of heroin were seized on the premises.

Huge Cocaine Seizure on Chinese-Owned Steamer at Singapore

Two hundred and twenty-five ounces of cocaine were seized aboard the Chinese-owned steamer, s.s. *Hong Peng*, at Singapore Jan. 23. The cocaine was discovered cleverly hidden in the wireless room and underneath the coal bunkers.

C.N.A.C. Hopes to Include Hongkong in Shanghai-Canton Service

Dai En-ki, managing director of the China National Aviation Corporation, and P. C. Groeger, operations manager, and P. S. Polin, a director of the same concern, returned beginning of the week from a flight to Canton. While in the South they visited Hongkong where, it is understood, that they approached Hongkong officials for the extension of the Shanghai-Canton service to the British colony. For a long time the China National Aviation Corporation has wished to expand its service to Hongkong, but the authorities there are not willing to let Chinese passenger planes land unless British planes can fly over Chinese territory. The C.N.A.C., it is reported, desires to co-operate with the British Imperial Airways, Ltd. for some sort of connecting service in South China.

Minister Johnson Sees Great Future for Trans-Pacific Air Service

A San Francisco message dated Jan. 24 quoted Nelson T. Johnson, who is en route to his post at the American Legation in Peiping, as saying he believed that the proposed trans-Pacific air lines—if established—will greatly increase the economic and cultural interchanges between the West Coast of the United States and the Orient.

Two New American Planes for C. N. A. C. Due This Month

Two new transport land planes purchased by the China National Aviation Corporation from the U. S. are due to arrive in Shanghai end of this month. One is a Douglas D. C. 2 transport plane, and the other a Tri-Motor Ford land plane. The Douglas plane will be added to the Shanghai-Peiping air service. The tri-motor Ford land plane will be commissioned into service as soon as the Chungking-Yunnan air route is inaugurated sometime in March or April this year, on a scheduled weekly run.

Col Chang Hui-chang Stresses Importance of Aviation

The importance of promoting aviation in China was pointed out by Colonel Chang Hui-chang, the Chinese "Lindbergh," in the course of an address at the weekly memorial service at Central Party Headquarters in Nanking Jan. 21. Since the invention of the airplane 30 years ago, Colonel Chang said it now occupies an important position not only in national defence, but also in the system of civil communications of most countries.

Pan-American Airways Asks for Landing Facilities on Wake Island

Claude A. Swanson, Secretary of the Navy, revealed Jan. 23 on that the Pan-American Airways had asked the Navy Department to construct landing facilities on Wake island as the company would like to use it as a stopping point in its proposed transpacific passenger service from California to Canton.

Rapid progress towards early inauguration of the trans-Pacific air mail service is reported by executives of Pan-Americans Airways. Officials of the aviation company confirmed that terminals will soon be established in California, from which experimental flights to China will be made.

House of Peers Discusses Japan's Air Strength

General Senjuro Hayashi, War Minister, stated in Tokyo January 28 that he considered the air force appropriations in the 1935-36 budget "inadequate". Jusha Tsumura pointed out that the airplane industry occupies an important part in the economic structure of other powers, while in Japan it is "lagging" General Hayashi added that the War Office was considering the unification of the air defense organs.

Japan-Manchukuo to Conclude Airways Treaty

Negotiations for the conclusion of an aviation treaty between Japan and Manchukuo will begin in Changchun early next month, officials of the Communications Department of the Kwantung Leased Territory Administration disclosed Jan. 29 . The proposed pact will enable machines registered in Manchukuo to fly to Shingisu and Rashin in Korea and Choushitzu, outside Dairen in the Leased Territory. Manchuria Air Transport Company's machines now entering Japanese territory are doing so under a temporary arrangement citing "military necessity" as an excuse, according to local officials. Reciprocal courtesies will be extended by Manchukuo to Japan aircraft under the treaty. Rashin will be one of the terminals of the projected Japan Sea air-route that will link Korea with the western coast of Japan.

Mass Flight From Canton to Manila to Be Made This Year

Chinese aviation circles in Manila are planning a massed flight from Canton to Manila during the present year as a preliminary step to the establishment of a Manila-Canton air line.

Col. Chang Kuoa-liang of the Canton Air Force is at present in Manila studying the conditions in order to be thoroughly familiar with the problems which the establishment of such a service present.

U.S. Air Transport Lines Carried 48,477 Passengers in October

Scheduled air lines operating in continental United States carried 48,477 passengers in October, 1934, according to reports to the Bureau of Air Commerce, Department of Commerce, from 22 of the 23 companies operating during that month.

These scheduled air lines flew 4,019,198 miles, carried 221,905 pounds of express, and flew 20,837,640 passenger miles during October. (A passenger mile is the equivalent of one passenger flown one mile.)

Comparisons with August and September, 1934, and October, 1933, are shown in the following :

Domestic Scheduled Operations Statistics for October, 1934

	Aug., 1934	Sept., 1934	Oct., 1934	Oct., 1933
Number of companies operating	24	23	23	23
Number of companies reporting	23	22	22	22
Passengers carried	54,835	44,728	48,477	50,413
Express carried (pounds)	198,902	206,327	221,905	151,135
Miles flown.....	4,188,529	3,659,501	4,019,198	4,429,812
Passenger miles flown.....	21,357,741	18,874,960	20,837,640	19,356,220

Express carried for August increased over previously published figures due to supplemental data received from one operator.

—Supplied by U. S. Bureau of Air Commerce.

Aviation Division of U. S. Department of Commerce Represented Here

A. L. Patterson, President of the China Airmotive Company, with offices in Hamilton House, Shanghai, is the Special Representative of the Bureau of Air Commerce of the U. S. Department of Commerce at Washington. Mr. Patterson has been authorized to issue licenses and renewals of licenses to American pilots and mechanical engineers and in addition supplies technical information concerning airplanes, engines and other aircraft material as approved by the Aviation Branch of the Department of Commerce. Mr. Patterson has been engaged in various branches of the aviation industry for 17 years and is the China representative for the Eclipse-Bendix Corp., B. G. Corp., Pioneer Instrument Corp., Beech Aircraft Corp., and others.

Bill Introduced in Senate Asking Withdrawal of Relations with Soviets

A resolution demanding that the United States withdraw its recognition of Soviet Russia was introduced into the U. S. Senate Jan. 24 by Senator W. Warren Barbour, from New Jersey. Labor leaders are decidedly bitter against the Soviet government, claiming that the Russians are using the products of forced labor in dumping goods upon the international markets.

Du Pont de Nemours Bring Out New Explosive, Stronger Than T.N.T.

Discovery of a new high explosive 20 per cent stronger than T.N.T. and absolutely "fool-proof" was announced last week by Messrs. Du Pont de Nemours & Company. It is called "Nitramon;" it is a nitro-ammonia product and contains 40 per cent oxygen.

Japanese Radio Officer Suspected of Espionage

Another spy scare came to naught in the United States Jan. 28 when, after being held for questioning by United States secret service officers, the second radio officer of the Japanese freighter *s.s. Ryoyu Maru* was released. The Japanese vessel had arrived from Singapore, via the Panama Canal, and the secret service agents, acting upon a tip which had been received from sources that were not disclosed, held the officer (whose name was been made public) in close custoday while certain notes found in his possession were being examined.

U.S. Federal Pay Cuts to Be Restored

Restoration of the remaining five per cent cut from the pay of United States Government employees was voted by the Senate Jan. 28. The bill affects all Government employees, including consular and foreign serviceofficers.

W. W. Yen to Visit Moscow Again Before Resigning

Dr. W. W. Yen, Chinese Ambassador to Russia, called on Wang Ching-wei, President of the Executive Yuan of Jan. 30, for further instruction before returning to his post in Moscow. The Soviet Government is dispatching a steamer to China to carry Dr. Mei Lan-fang, the famous actor, directly to Vladivostok. He will give a series of performances in Russia. Dr. Yen will travel by the same steamer, leaving here about Feb. 20.

Russians Not "Sovietizing" Sinkiang, Declares Molotov

In his report of the government to the All Union Congress of Soviets which opened at Moscow, Jan. 28, M. Molotov, the Premier, expressed the desire for further improving the friendly relations between the Soviet Union and China. M. Molotov emphasized that the Soviet Government is against the policy of annexation of foreign territory and, therefore, the talk of "sovietizing" Sinkiang is quite untrue. He said Japan has not stopped her aggression and war towards China, and the Japanese are feeling at home in Manchuria. Mr. Molotov said it is apparent that the dissemination of this slander against the U.S.S.R. is particularly being attempted by Japan, whose policy towards China is well known and cannot be covered up in any way by spreading fabrications.

General Blucher, known in China as General Galen, former commander of the Far East Red Army, is a member of the presidium. He had a long talk with Stalin and Voroshilov on Far Eastern matters.

The Chinese Charge d'Affairs was also present at the opening of the Congress with other foreign diplomats.

Sinkiang Chairman Clarifies Situation

Much light was thrown on the recent situation in Sinkiang by the publication in Nanking Jan. 26 of telegrams exchanged between Gen. Li Yung, Chairman of the Sinkiang Provincial Government, and General Chiang Kai-shek and President Wang Ching-wei. In his telegram to General Chiang and President Wang, General Li categorically denied the persistent rumor current that interior Sinkiang is dominated by foreign advisors who are virtually in control of the policies of the provincial administration. General Li admitted that in view of the lack of technical experts in his province, a number of foreign advisors has been employed by his government, but their duties are to advise the provincial authorities in reconstruction projects only and they are in no way connected with political affairs.

Sinkiang Contracts Loan from Soviets

The present relations between Sinkiang and Soviet Russia, General Li emphatically declared, are purely commercial in nature. The recent decision of the Sinkiang Provincial Government to contract a loan with the Soviet Union is entirely prompted by a desire to utilize foreign capital for reconstruction purposes and is in conformity with the policy of the Central Government.

While expressing profound regret over current rumors, General Chiang and President Wang, in their reply to the Sinkiang Chairman, made the point clear that as provided in laws recently promulgated by the Central Government, the employment of foreign advisors and contraction of foreign loans should be approved by the Central authorities. As to the proposed loan agreement with Russia, it was pointed out in General Chiang and President Wang's reply that not a single report has been so far submitted to the Central Government for consideration and approval.

General Li Yung Denies Soviet Domination

Rumors concerning the alleged domination of Sinkiang by the Soviets were flatly denied in a circular telegram from General Li Yung, chairman of the provincial government, and General Sheng Shih-tsai, commissioner of border defense, to Nanking Jan. 26. The two officials expressed pained surprise at the "malicious campaign to discredit the Sinkiang authorities" and reaffirmed their loyalty to Nanking. They went on to describe their efforts to make the province secure from political intrigues and to rehabilitate the war-torn areas following the elimination of the rebel chief, Ma Chun-ying.

They admitted, however, that foreign advisers had been employed and that a draft agreement had been prepared whereby Sinkiang would secure credits from the Soviet and pay back in kind.

Replying jointly to this message, General Chiang Kai-shek and Wang Ching-wei, chairman of the Executive Yuan, said they had noted the efforts made by the Sinkiang officials to pacify the province. They pointed out, however, that foreign advisers should only be employed through the Foreign Office, while the acquisition of foreign loans and credits must first be approved by the Central Government.

Attention was called to the fact that the Snikiang provincial government had some time ago informed the Foreign Office of the credit agreement, but had not replied to the request for the full text.

The Sinkiang authorities were therefore asked immediately to submit the text, as well as a list of the foreign advisers, giving such details as their names, ages, nationality, functions, salaries and terms of office.

Molotov Warns Against Possible Attack from Japan

Mr. Molotov, Premier of Soviet Russia speaking at the Seventh all Union Congress of Soviets at Moscow Jan. 28 said that not only Japan, but also Germany has left the League of Nations. This has been done in order to obtain a free hand in the problem of armaments and war preparations."

Mentioning that recently the Washington agreement broke down because to a certain nation it began to appear as a handicap in the race of naval armaments and in the preparation of new armed conflicts for the domination in the Pacific, Molotov pointed out that the diplomacy and foreign policy of bourgeois countries increasingly swung over to the service of those who already now are selecting their allies for the future war for new re-division of the world among imperialist powers at the expense of weak countries.

"We must take into account that the immediate danger of a war against the U.S.S.R. has increased," declared Molotov, "Certain authoritative circles in Japan already have been openly speaking of a war against the U.S.S.R. One must not forget that there exists a new ruling party in Europe, which openly proclaimed the seizure of Soviet territories, as her historic mission.

Taking up Soviet-Japanese relations, M. Molotov said: "But we have no ground whatsoever to rest at ease. The aggressive and bellicose elements in Japan do not lay down their arms. War against the U.S.S.R. has been openly discussed for a long time, and there is still no indication of weakening of these anti-Soviet moves. Certain Japanese circles exerting influence on Government organs have been discussing with lust for a long time the plans of seizing not ony the Chinese Eastern railway, but also our Far East and in the first place Maritime Provinces. We cannot help reckoning with these facts, particularly since we well remember that Japanese were the last of interventionists to leave our territory. All this determines our policy in this question, as well as those absolutely necessary defence measures which we have carried out in the Far East and which precisely correspond to the interests of general peace."

Chinese Hide Merchants Seek Action Against Alleged American "Combine"

The Shanghai Hide Merchants' Association has submitted a petition with the Ministry of Industry asking that the Ministry of Foreign Affairs be requested to lodge strong representations with the United States Government to curb the activities of a "Combine" allegedly established by American leather manufacturers in Boston.

The combine was established in 1932, the petition alleges. Under the pretext of that name, the American manufacturers carried out schemes pertaining to a trust to curb the Chinese hide exports, the petition continues. The organization worked in Boston and New York, forcing the Chinese products to be sold at the minimum rates and directly affecting the Chinese expotrers to such a degree that they are on verge of bankruptcy, it is said.

Declaring that the United States Government apparently is not aware of the activities of the combine, in view of the fact that she has always been on friendly terms with China, the petition urged that Dr. Alfred Sao-ke Sze, Chinese Minister at Washington, be instructed to negotiate with the United States Government in order to abolish the combine, the Association demanded.

Japanese Cotton Goods Driving British Goods Out of South China

Heavy demand for Japanese cotton goods in Hongkong and South China is responsible for the decreasing export of this commodity from Lancashire for sale in South China, the Canton *Min Kuo Jih Pao*, official paper, declared in an editorial Jan. 18. The journal blamed unscrupulous merchants for the sale of Japanese goods in South China. Explaining why the consumption of Lancashire goods in Hongkong is diminishing, this official paper declared that this is attributed to the fact that there is no limitation of imports in the colony and that there is great influx of Japanese commodities.

C.E.C. Announces More Liberty for the Press

A resolution was adopted at a meeting of the Standing Committee of the Central Executive Committee at Nanking, Jan. 24 that, with the exception of matter relating to military or diplomatic secrets and those detrimental to the policies of the Party or the Government, or contradictory to the Three People's Principles of the late Party Leader, all news or press opinions pertaining to the Party or the Government may be allowed to be published freely, if they are based on facts and without malice.

This resolution, it is understood, was adopted in connection with suggestions submitted in the form of petitions by the *La Impartial*, (*Ta Kung Pao*) a Chinese paper in Tientsin, and the Association of Daily Newspapers and the Journalists' Club in Shanghai to the Fifth Plenary Session of the C.E.C. regarding improvement of methods of news censorship in China. The resolution reads: "All news concerning Party and administrative affairs based upon facts and all views expressed in good faith can be freely published, provided that they do not involve the disclosure of military or diplomatic secrets or prejudice against the policies of the Party and Government. The papers on their part are prohibited to gave publicity to any principle which is opposed to or incompatible with the Kuomintang principles."

Some Facts About Soviet Economic Influence in Sinkiang Province

(From the Review's Correspondent)

MOSCOW—The Soviet authorities are holding, as a sort of political hostage, a Chinese general named Ma Chung-ying, who fled into Russian territory several weeks ago. Gen. Ma previously had been dictator of a considerable portion of Chinese Turkestan, known as Sinkiang province, with his headquarters in Yarkand and Kashgar. He was defeated and chased out of the province by another Chinese general named Sheng Shih-tsai, who now dominates most of the territory.

The Soviet action in interning Gen. Ma Chung-ying, despite the protests of the Nanking Government, constitutes a political gesture of no little consequence in the complicated chess-game of central Asian politics which intimately concerns China, Great Britain, Japan and the Soviets. Gen. Ma, prior to his defeat, undoubtedly had received material support in the form of arms from British colonial interests in India. Gen. Sheng Shih-tsai, the victor over Gen. Ma and now controller of Sinkiang with his headquarters at Tihwa (Urumchi) enjoys more than friendly relations with the Soviets.

According to reports current in Moscow, the defeated Gen. Ma Chung-ying, in addition to receiving arms from British Indian sources, also received financial support from Japanese military sources through Manchukuo. Shortly following Gen. Sheng's victory there also were rumors current in Moscow that the Soviet authorities had concluded a loan agreement with the Sinkiang government for $2,000,000 covering the construction of two branch railways running into Sinkiang from Soviet territory, the destinations of the two lines being the towns of Ili and Tahcheng. These branch railways will be extensions into Chinese territory of the Soviet Turk-Sib (Turkestan-Siberian) railway which extends in a generally southern direction from Novo-Sibirsk and skirts the western border of Sinkiang, passing through the important cities of Semipalatinsk, Alma-Ata to Taskent, from which point it loops back northward to Samara, Nizhni-Novgorod and Moscow. It passes along the shores of Lake Balkash in central Asia where the Soviets are developing an important copper industry. Also, this railway taps the central Asian areas where the Soviets are developing a cotton growing industry, hoping to make themselves independent of the American product. To the southeast of Novo-Sibirsk, and also south of the Trans-Siberian railway, are located the Kuznetsk areas where important developments in coal and iron production are taking place.

Gen Ma's Troops Entered Sinkiang with Arms

At the time of Gen. Sheng Shih-tsai's defeat of Gen. Ma Chung-yin there were rumors that Moscow had supplied Gen. Sheng with military reinforcements. This report cannot be verified, but what did happen was that the Russians permitted a considerable number of Marshal Chang Hsueh-liang's soldiers who fled into Siberian territory, to enter Sinkiang. In other words, Marshal Chang's soldiers who fled into Soviet territory at the time of the Japanese occupation were simply put on the Trans-Siberian train and shipped westward to the Sinkiang border and permitted to enter that territory with their arms. These soldiers proved of great value to Gen. Sheng Shih-tsai in establishing his control of the province. Also, there is no disguising the fact that they were friendly toward the Soviets for the food and cigarettes which they received while in the U.S.S.R. It also is true that they do not entertain any friendly feeling for the Japanese whom they regard as the conquerors of their homeland.

The rumor of the Soviet railway loan to Sinkiang likewise cannot be confirmed here but of the extension of Soviet economic influence over Sinkiang there can be no question. It constitutes a definite gesture against both British and Japanese imperialisms in central Asia and there is an undoubted hope in high Kremlin circles that this foothold in Sinkiang may ultimately provide a link with China which was broken by the Japanese occupation of the Manchurian provinces and creation of the Manchukuo empire. Sinkiang has a territory of approximately 640,000 square miles with an uncounted population estimated from 3,000,000 to 5,000,000. While the central portion is desert, the northern, southern and western sections are exceedingly rich agriculturally and in minerals. The Russians like to point out that a railway extended through Sinkiang from west to east and joining up with the Chinese Lung-Hai line now under construction in Shensi province would provide a short route from Asia to Europe that would cut the present 10-day trip over the Trans-Siberian in half.

But the Japanese object to this most strenuously and as an offset are pressing the northern Chinese to extend the present Peiping-Suiyuan railway westward through Inner-Mongolia into eastern Sinkiang, which would have the effect of drawing Sinkiang as well as Inner-Mongolia into the sphere of Manchukuo. British colonial interests in India and Afghanistan also oppose Soviet influence in Sinkiang because that would menace British influence in Tibet. Sinkiang therefore constitutes a key position in central Asian politics where native chieftains fight proxy wars and conduct intrigues on behalf of their powerful masters behind the scenes. Just now the Soviets enjoy an advantage in the chess game due to the construction of their railway which links up their new industrial development in western Siberia with the raw products of central Asia. The Moscow chamber of commerce has a department of its museum devoted to Sinkiang and there are said to be a considerable number of students from that province enrolled in the Oriental university in the Soviet capital.

Novo-Sibirsk as a Nerve Center

Novo-Sibirsk, due to its location at the junction of the new Turk-Sib and Trans-Siberian railways and also other new lines running into the Kuznetsk coal and iron areas in the Altai mountains, constitutes a sort of nerve center of Soviet economic penetration into this most western Chinese territory. Recently the Nanking government established a new consulate here and appointed as consul-general, Col. Li Fong, formerly a staff officer under Gen. Chiang Kai-shek. Due to its strategic location and its selection as capital of the western Siberian political sub-division of the U.S.S.R. the town has boomed, the present population being 150,000, an increase from 75,000 ten years ago. It resembles an American western town with six and eight story concrete buildings and factories scattered along rivers of mud which pass as streets and interspersed with primitive wooden shacks of characteristic Russian type. Among the so-called cultural institutions is a museum and association which is devoted to the study of Siberian and central Asian resources and peoples.

The Russians insist and seem to be sincere on the point that they desire no more territory and have no intention of aggressing on this most western and almost completely isolated Chinese territory. But they are interested in it nevertheless and will, without question, counter any move on the part of either Japan or Britain into this territory. If China permits Japan to remain in Manchuria and furthermore permits the Japanese to gradually extend their influence into Inner-Mongolia, it is not altogether impossible that the Chinese administration in Sinkiang may ask the Russians for protection somewhat as the Outer-Mongols have done. If that should occur, Russian reactions would be interesting to observe. Since Sinkiang is almost completely isolated from direct contact with China, the Soviet construction of the Turkish-Siberian railway had the effect of drawing Sinkiang within the orbit of Soviet economic influence. This means that the people of Sinkiang must look toward Russia as a market for their products and as a source of supply for their imports of motorcars, machinery and manufactured goods. Whether the Kremlin will, at some time in the future, follow up this economic influence with political influence cannot be determined at this time, but as stated, it may come as an offset to the extension of Japanese influence, particularly into Inner Mongolia. If Nanking officialdom had any correct appreciation of the precarious situation of Chinese control in Sinkiang it would be bending its utmost efforts toward the extension of the Lung-Hai railway through Kansu into Sinkiang. Also, it should at the same time be devoting equally strenuous efforts to prevent further Japanese extension along the Lung-Hai into Inner-Mongolia.

Russians Now Cultivate Tea for Themselves

A recent message from Moscow points out that the area of tea plantations in Soviet Russia is now about 35 thousand hectares (1 hectare is 2.471 acres,) of which 26 thousand hectares belong to collective farmers and the rest is state-owned. Twenty-one tea factories with up-to-date machinery and equipment and several special research laboratories run by a number of men, several of whom have had experience in the tea business in China, prepare the tea which is placed on the home market. At present the so-called finest quality tea is slightly over 2 per cent of the total output. And the Soviet experts claim that it is as good as the highest quality Chinese, Ceylon and India tea. The first grade tea is about 9 per cent, the second grade 74 per cent, and the third grade 14 per cent of the total output. This year's yield per hectare of 1,200 kilograms of tea leaves is expected to increase to 1,400 kilograms next year due to the more advanced methods of crop cultivation to be employed.

Details of Special Mass Education in Kiangsi

BY S. Y. CHI (季世英)

CONCOMITANT with the sweeping success of the Communist Suppression Campaign—significant is the influence and work of the Special-Type Mass Education especially prepared for educating the masses in the bandit-devastated areas recently recovered by the Government forces. Ever since its coming into existence in February last, the Special-Type Mass Education in Kiangsi has, up to date, a history of approximately eight months. During this short period, all of the effort available was directed toward the specific training of workers, the planning and the carrying forth of a multitude of activities; but, owing to the complexity and the enormousness of the undertaking, there, as yet, seems to be not any too much evidence of concrete accomplishments.

The Organization

The organization for the administration of the Special-Type Mass Education in Kiangsi has undergone changes in each of the following more or less distinct periods. Firstly, in accordance with "The Plans for the Promotion of the Special-Type Education in Kiangsi," which was authorized by Generalissimo Chiang's Provisional Headquarters at Nanchang, there was organized the Kiangsi Institute of Teacher-Training for People's Education in the period between February and June. The internal organization during this time stressed such instruction and discipline as would develop special-type talents for the administration of the special-type education. So there was instituted the Director of Instruction, the Division of Instruction and Guidance, and the Division of Business. Then, secondly, there appeared "The Plans for Special-Type Education in Kiangsi, Fukien, Anhui, Hupeh and Honan", and the organization was enlarged during the months of June and July, and the name of the Institute changed to Kiangsi Institute of Teacher-Training for the Special-Type Edcation. An outline of the organization of the Institute was in time presented, and the authorization of the same brought about a broader point of emphasis in the endeavor towards special-type education. In addition to the specific training of workers, equal attention had to be laid, then, on the establishment of the Chung San People's Schools, on the examination of the accomplishments of their administration, on the estimation of the funds needed, and on the study of, and research on the principles and practices of the special-type education. Hence, there were set up, aside from the Directorship of Instruction, the Division of Administration, the Division of Training, and the Division of Research. Finally, in September last, "The Plans for Special-Type Education in Kiangsi, Fukien, Anhui, Hupeh and Honan" were officially ratified and adopted, and, in compliance with its slightly revised article on administrative organization, the name of the Institute was for the second time changed. It is now called "The Kiangsi Institute of Special-Type Education". The internal organization of the Institute remains the same as it was in the second period, with the single exception that the Director of Instruction has been replaced by the Secretary of the Institute. The staff members of the Institute are as follows:

Chen Shih-kwei (M.A. from Teacher's College, Columbia University, U.S.A.) Commissioner of Education in Kiangsi, is the Director of the Institute. The personnel includes: C. L. Chang, Secretary of the Institute and Head of Division of Training, M. C. Cheng, Head of the Division of Administration T. Y. Chang, Head of the Division of Research, and a number of well trained and experienced returned students.

The Institute summons all its divisions: Division of Administration, Division of Training, and the Division of Research, under the same roof. The most significant activities of the Division of Administration, aside from its miscellaneous duties, are the sending out and the ratifying of funds for the special-type education, the confirming of the subsidizing of the special-type education in various hsiens and special territories. In the three months after the founding of the Institute, special attention was laid to the equipment of the Institute, to the caring of repairing jobs, and to hygienic practices and cleanliness; and since then, almost all of the administrative work has had to do with finances, for, after graduation from the Institute, the students of both the First Period Training Classes and the Summer Vacation Training Clases have all been sent forth to various hsiens for the purpose of opening Chung San People's Schools.

In the following paragraphs, the administrative activities in the last eight months are given.

The Administration

The Institute now maintains a very comple system of acounting and is to make public all its financial transactions with the purpose of setting an example for its allied organizations. In order to ensure accuracy and correctness, there has been organized an Auditing Committee, whose duty is to audit every month all the budgets and accounts of the Institute. The membership of the Committee consists of the Secretary, the Division Head, and the representatives from the members of all the divisions of the Institute.

As the students of the Institute are from the bandit-districts, they are all financially very poor. Although free from all School expenses, such as tuition, board, room, etc. while in training, they are unable to defray even the miscellaneous trivial expenses. In order to make it possible for the students to concentrate on their duties by freeing them from various financial worries while in training here, the Institute now maintains a money-lending system which makes available to the needy students several dollars a month. The amount borrowed is to be periodically taken off, little at a time, from the living expenses allowed them when they become principals or teachers of the Chun San People's Schools.

Since the establishment of the Chung San People's Schools in various hsiens and the special territories, much work has been necessary in confirming and sending out a diversity of expense accounts, and in the examination of budgets, and also many other transcripts. To make such routine work less costly in time and in effort, there has been adopted "The Temporary Plans Governing the Requesting of Funds for the Chung San People's Schools in the Recaptured Districts of Kiangsi" and "The Important Points to be Noticed in Budgeting and Accounting." In order to make sure that proper equipment and accounting is not neglected, there has been drawn up "The Rules Governing the Recording of the School Equipment" and "The Rules Governing the Duties of the Incoming and the Outgoing Principals."

On account of the limited funds, the Institute is able to operate only 300 Chung San People's Schools. Such a number is, of course, much too small to meet the needs of the various hsiens and the special territories. Moreover, due to the after-effects of the dry weather this summer, there has been brought about in almost all the localities some kind of curtailment in the already too small a share of funds assigned for the support of their schools. Up to date, there are numerous requests, especially from the recently recaptured bandit districts, for the opening of Chung San People's Schools. Again, the Institute is constantly asked to take over the schools which were originally established and operated by the various armies. To meet such situations as these, the Institute has drawn up "The Rules Governing the Subsidizing of Special-Type Educations in Various Hsiens and Special Territories" and is now doing its utmost to promote the administration of the special-type education. For instance, both Iyang and Nanchang are attempting to do a maximum number of things with a minimum amount of funds. The former is to try its hand on the administration of universal education, actively training its youths and adults; while the latter is to pay special attention to the training of its 'young men.' As the policy of these two localities exactly coincides with that of the Institute, the amounts of $3,000 and $4,000 have been given them respectively in the form of subsidy. Other localities receiving such help are as follows: Sin-kan $200, Tsing-kiang $200, Kian $200, An-fu 200, the Third Police Division $200, Tze-chi $300, Li-chuen $500, Special Despatch (in the army) $1,000, and Lin-chuen $1,000.

The above amounts, which total up to $10,800, have been sent out. Just now, the Institute is planning to make surveys of, and to compile statistics on, those Chung San People's Schools which receive its subsidy.

Nanchang, Ki., Jan. 22, 1935.

New Italian Ambassador Presents Credentials at Nanking

The first Italian Ambassador to China, Vincenzo Lojacono, was received in audience by President Lin Sen at Nanking Jan. 25. In presenting his credentials, Signor Lojacono among other things said: "Even today a road called 'The Road of the Genoese,' running from the Black Sea to the passes of the great mountains, remains as a testimonial inscribed on the huge pages of the earth to the efforts of the Italians to weld the Occident with the Orient. And this is the scope of the mission which I am proud to open today in the new capacity of Italian Ambassador to the Republic of China."

Signor Lojacono added that he felt sure that the Chinese Government will be able to appreciate in its friendly meaning the policy of Fascist Italy towards China, since it is a policy which did not pursue egoistic interests or political after-thoughts.

President Lin Sen in replying, among other things, said: "I have always greatly admired the courage and energy of the Italian people, who were instrumental in bringing the two great civilizations of the Orient and the Occident together and in giving birth to a reciprocal appreciation that has continued for many centuries since. The regeneration of Italy, due to a spiritual revolution guided by a great chief of genius, coincides with similar efforts of the Chinese in our reconstruction movement for the building of the New China; and I am sure that the collaboration of the two nations will lead to a brilliant future."

CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.
(Connected with N.S.L. Nos. 301 & 302)

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
20.45	21.25	▲PUKOW	1.20	1.40
16.54	16.57	▲LINHUAIKWAN	5.40	5.43
16.04	16.19	PENGPU	6.19	6.34
13.52	13.57	NANHSUCHOW	8.45	8.50
11.50	12.05	HSUCHOWFU	10.50	11.10
10.02	10.17	LINCHENG	13.00	13.15
9.13	9.16	TENGHSIEN	14.06	14.09
7.40	7.55	YENCHOWFU	15.36	15.56
7.15	7.18	CHUFOU	16.21	16.24
5.34	5.42	TAIANFU	18.05	18.20
3.25	3.45	TSINANFU	20.12	20.42
2.03	2.13	YUCHENGHSIEN	22.05	22.15
0.24	0.39	TECHOW	23.55	0.25
22.37	22.47	POTOUCHEN	2.12	2.22
21.36	21.46	TSANCHOW	3.16	3.29
18.30	18.40	TIENTSIN (C)	6.40	7.00
17.59	18.20	TIENTSIN (E)	7.10	7.35
—	15.05	PEIPING	10.29	—

PEIPING-HANKOW RAILWAY.

14.05		PEIPING	▲	22.00
13.27		▲CHANGSINTIEN	▲	22.48
9.54		PAOTUNG		2.23
5.50		SHIHCHIACHWANG		6.28
2.19		SHUNTEH		10.01
19.27		SINSIANG		16.45
16.43		CHENGCHOW		19.26
13.59		HSUCHOW		22.08
12.16		YENCHENG		23.51
9.58		CHUMATIEN		2.34
6.10		SINYANG		6.01
3.36		KWANGSHUI		8.36
22.45		KIANG AN		13.15
22.30		HANKOW (Tachimen)		13.25

PEIPING-SUIYUAN RAILWAY.

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
9.30	—	HSICHIMEN	—	16.48
8.06	8.16	▲NANKOW	18.07	18.17
—	—	CHINGLUNG-CHIAO	—	—
1.52	2.07	KALGAN	0.30	0.45
19.34	19.49	TATUNG	7.01	7.21
15.48	16.03	PINGTICHUEN	11.04	11.19
10.56	11.16	SUIYUAN	15.42	16.02
—	7.00	PAOTAO ▼	19.58	—

LUNGHAI RAILWAY.

5.15	—	▲HSUCHOWFU	—	21.10
0.57	1.17	SHANKIUHSIEN	1.16	1.56
20.47	21.07	KAIFENG	6.20	7.00
18.40	19.00	CHENGCHOW	8.49	9.09
14.45	15.10	LOYANG E.	12.53	13.23
9.30	9.55	SHANCHOW	18.30	18.55
—	6.10	TUNGKWAN ▼	22.15	—

KIAOTSI RAILWAY.

7.35	—	▲TSINGTAO	—	21.00
5.48	5.50	KIAOCHOW	22.46	22.48
5.06	5.16	KAOMI	23.19	23.30
3.26	3.41	FENGTZU	1.01	1.16
3.03	3.05	WEIHSIEN	1.36	1.39
1.36	1.38	TSINGCHOW	2.55	2.57
28.59	0.01	CHOUTSUN	4.32	4.35
—	22.00	TSINANFU ▼	6.30	—

CHENGTAI RAILWAY.

19.42	—	▲SHIHCHIACHWANG	—	7.58
18.14	18.16	TSINGCHINGHSIEN	9.27	9.29
16.00	16.15	YANGCHUAN	11.47	12.01
14.48	14.50	SHOUYANGHSIEN	13.50	13.52
12.40	12.49	YUCHIHSIEN	15.25	15.35
—	12.08	TAIYUANFU ▼	16.07	—

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

STATIONS UP.		Zku-Nkg Express R. Through	Express R.	STATIONS DOWN.		Express R.	Nkg-Zku Through Express R.
ZAHKOU	d.	7.45	17.30	SHANGHAI, N.	d.	7.50	15.00
HANGCHOW	d.	8.15	17.55	JESSFIELD	d.	8.07	15.17
CHANGAN	d.	9.06	18.53	SICCAWEI	d.	—	—
YEHZAH	d.	—	19.25	SHANGHAI, S.	d.	7.55	—
KASHING	d.	10.17	20.05	SUNGKIANG	d.	9.05	16.05
KASHAI	d.	—	20.31	FUNGCHING	d.	—	—
FUNGCHING	d.	—	—	KASHAI	d.	9.51	—
SUNGKIANG	d.	11.25	21.20	KASHING	d.	10.25	17.20
SHANGHAI, S.	a.	—	22.25	YEHZAH	d.	11.01	—
SICCAWEI	d.	—	—	CHANGAN	d.	11.34	18.25
JESSFIELD	d.	12.11	22.16	HANGCHOW	d.	12.31	19.20
SHANGHAI, N.	a.	12.25	22.30	ZAHKOU	a.	12.50	19.35

NANKING-SHANGHAI LINE.

STATIONS UP		Express R.	Thro. Exp. Zku-Nkg R.	S'hai-Peiping Thro. Exp. (No. 302) R.S.	Night Express R. S.	STATIONS DOWN		Thro. Exp. R. Nkg-Zku	Express R.	Night Express R. S.	Peiping-S'hai Thro. Exp. (No. 301) R.S.
SHANGHAI, N.	d.	8.00	13.00	16.05	23.00	NANKING	d.	8.00	17.00	23.00	24.00
NANSIANG	d.	—	—	—	23.33	CHINKIANG	d.	9.25	18.25	1.00	1.54
KUNSHAN	d.	9.05	14.15	—	—	TANYANG	d.	10.07	19.05	1.52	2.43
SOOCHOW	d.	9.50	15.00	18.04	1.13	CHANGCHOW	d.	11.01	20.00	3.05	3.51
WUSIH	d.	10.41	15.51	18.55	2.13	WUSIH	d.	11.52	20.55	4.07	4.48
CHANGCHOW	d.	11.45	16.45	19.53	3.13	SOOCHOW	d.	12.47	21.50	5.13	5.52
TANYANG	d.	12.33	17.36	20.48	4.23	KUNSHAN	d.	13.26	—	—	—
CHINKIANG	d.	13.16	18.20	21.34	5.14	NANSIANG	d.	—	—	6.54	—
NANKING	a.	14.30	19.35	22.55	7.00	SHANGHAI, N.	a.	14.25	23.30	7.20	7.55

NOTICE

1. Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.

2. For Local and Through Traffic, the following free baggage allowances will be granted to each passenger:—

1st class passenger	80 kilogrammes (142 catties)
2nd class passenger	60 Kilogrammes (100.5 catties)
3rd class passenger	40 Kilogrammes (67 catties)

Half of these quantities will be allowed on each child's half ticket of each class respectively.

3. Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (33.5 catties) of $0.002 per kilometre per unit of 20 kilogrammes.

4. In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.

The Sale of the Chinese Eastern Railway

BY C. Y. W. MENG (孟長泳)

"I (Count Witte) assured him (Li Hung-chang) that, having proclaimed the principle of China's territorial integrity, we intended to adhere to it in the future; but, to be able to uphold this principle, I argued, we must be in a position, in case of emergency, to render China armed assistance. Such aid we would not be able to render her until both European Russia and Vladivostok were connected with China by rail, our armed forces being concentrated in Euopean Russia," said Count Witte in his memoirs. "She (Russia) has no motive for wishing to connect the railway in Manchuria, except the prompt convenyance of troops" said Li Hung-chang in his telegram to the Tsungli Yamen. Such were the words from the Chinese and Russian diplomats on the purpose of the construction of the C.E.R. (Chinese Eastern Railway). The idea of a "defensive alliance" against the Japanese appeared to be in the minds of both sides. By Article 12 of "the Contract for the Construction and Operation of the C.E.R." of September 8, 1896, it was provided: ". . . . This period (80 years) having elapsed, the line, with all its appurtenances, will pass free of charge to the Chinese Government."

During the Russian Revolution, the C.E.R. was once controlled, operated and protected by the "Allied Railway Commission", composed of the representatives of Japan, Great Britain, France, Italy, China and the United States. On July 28, 1919, through Leo Karakhan, Russia, after denouncing secret treaties, offered to China, among many other things, that "The Russian Government will restore to the sovereignty of China the C.E.R. and the mines and forests appropriated by the former imperial Russian government, and it will not ask one cent therefor." But that China did not grasp the opportunity at once to take back the C.E.R. and to reduce it to her sole control was indeed a great diplomatic blunder!

On October 17, 1920, in another declaration, Russia no longer maintained the same attitude of returning the C.E.R. to China unconditionally, but insisted that, wrote the Russian envoy on November 5, 1920, "even if Russia vests in the Chinese people her title to the C.E.R., it will not annul Russia's interests in the line, which is a portion of the great Siberian Railway, and unites one part of the Russian territory with another". Therefore, the Russian promises of 1919 and 1920 did not mean what they appeared to mean!

On May 31, 1924, the Sino-Russian Agreements were signed. Section 2 of Article 4 provided: "The Governments of both Contracting Parties declare that in future neither Government will conclude any treaties or agreements which prejudice the sovereign rights or interests of either Contracting Party." Again, Section 2 of Article 9 provided: "The Government of the Union of Soviet Socialist Republics agrees to the redemption by the Government of the Republic of China, with Chinese capital, of the Chinese Eastern Railway, as well as all appurtenant properties, and to the transfer to China of all shares and bonds of the Railway." Again, Section 5 of the same Article provided: "The Governments of the two Contracting Parties mutually agree that the future of the C.E.R. shall be determined by the Republic of China and the Union of Soviet Socialist Republics, to the exclusion of any third party or parties."

On September 20, 1924, a "Modus Operandi" between Russia and the Chinese authorities in Manchuria was signed. In general the new Agreement was similar to that signed in Peking in the preceding May. There were, however, a few important differences. The period of "80 years" specified in the Agreement of 1896 after which the C.E.R. was to pass to the Chinese Government free of charge was now reduced to "60 years." The "raids" on Soviet consulates and "seizure" of the C.E.R. by the Chinese authorities due to the communist activities in 1929, which caused the rupture of Sino-Russo diplomatic relations, were terminated by the Khabarovsk Protocol, which was also based on the provisions of the Sino-Russo Agreements of 1924.

The C.E.R. After September 18, 1931

After the occupation of Harbin on February 1932, Japan began to take action to educe the C.E.R. to her possession. On April 12, 1933, a protest was lodged with Stephan Kuznetzoff, the assistant commissioner of the Administration, for the return of rolling stocks. On May 2, the Japanese ambassador in Moscow had an interview with M. Livinoff, Russian commissiar of foreign affairs, at which, according to the current report, Livinoff proposed to sell the C.E.R. to Manchukuo, as "the best and most practical way to settle the disputes over the Railway, and the other disputes with Manchukuo and Japan." On May 11, Litvinoff, in his answer to the question by the *Tass* news service, admitted that it was the intention of the Russian government to sell the C.E.R. to Manchukuo. On May 9, China made a statement that she would not recognize any agreement affecting the present status quo of the C.E.R. without her consent. On May 11, a formal protest was lodged with Moscow by Dr. Yen, Chinese Ambassador to Russia, pointing out that the "sale is tantamount to the Russian recognition of Manchukuo." On June 19, Sokolnikov, assistant commissiar of foreign affairs, replied to the Chinese protest by saying that as the Chinese could not now exercise authority in Manchuria, the present negotiations were conducted in the same tary as the Russo-Mukden of agreement 1924, adding that the sale of the C.E.R. would not cause any loss to China, as China when she takes back her lost territory would also take back the Railway. On June 25, China made another protest to Moscow, pointing out the differences between Russo-Mukden agreement of 1924 and the present Russo-Manchukuo negotiations. On June 22, China, in her note to Tokyo, declared the same, but was coolly told by a short note from the latter that "it is a matter concerning Manchukuo, having nothing to do with Japan."

On May 23, 1933, the Japanese cabinet decided that in principle the negotiations over the C.E.R. should be conducted between Russia and Manchukuo, Japan acting as only a "mediator" of the dispute. This, as every layman knows, is only for propaganda purpose. On May 29, 1933, Tokyo in the name of Manchukuo notified Moscow that its Puppet was willing to buy the C.E.R., and the negotiations began on June 25 in Tokyo. The negotiations in 1933 was characterized by "bargaining" on both sides over the price of the sale. Russia at first demanded 2,500,000,000 rubles, and Japan, in the name of its puppet, offered only 50,000,000 Yen, or about one-twelfth of the Russian demand. The negotiations for 1934 were characterized by the eagerness on the part of the Japanese to seize the C.E.R. by the employment of threats on Russia. So the publication of the "secret documents" alleging the Japanese "plot" to seize the Railway did not cause the complete breakdown of the negotiations.

But after some-time, the negotiations, were resumed; and now, the negotiation is completed, and the price of the sale is fixed at 140,000,000 Yen with the discharge allowance for the Soviet employees at 30,000,000. Yen. One-third of the price is to be paid in cash in installments and the other two-thirds in kind, spread ing over three years, etc.

Some Impressions—Moscow's "Betrayal" of China!

From the above narrative, we can draw up many points for our discussion. By giving permission to let the C.E.R. cross the Chinese Provinces, and by investing huge capital to build the railway, both China and Russia were animated by the desire for mutual defence against the Japanese aggression. But now, just at the time when Japan is going on with aggression in China, Russia, by yielding to the Japanese demand, sold the C.E.R. to Manchukuo, the Japanese puppet. Such action amounts to nothing short of an open "betrayal" of her neighbor just in the time of need and crisis! Russia might argue that due to Japan's vigorous railway construction scheme, the C.E.R. had lost much of its usefulness, etc. But this is by no means wholly true. According to the statistics in the "Manchukuo Year Book for 1934" we find that the revenues for the C.E.R. did not drop. As pointed out by the military experts, the strategical value of the railway is not yet lost.

Moscow Not Sincere in Her Promises of 1919 and 1920

It will also be seen that the C. E. R. has always been the bone of contention between China and Russia, since its inception in 1896 up to the present day! Despite the many "sweet" promises of 1919 and 1920, Russia never intended to live up to their promises and to give up the C.E.R. Russia returned her concessions in China to China; Russia relinquished her extrality in China, etc., but Russia never intended to return the C.E.R. to China. It thus became clear that the China policy of the Union of Soviets was in other respects similar to that of Czarist Russia, and that the price of friendship had not been lowered with the passing of years of the Czarist regime.

Breach of the Sino-Russo Agreements by Russia

Throughout all Sino-Russian Agreements—whether concluded during the past or present regime in Russia, with Peking or Mukden authorities—the redemption of the C.E.R. by China at the end of the stated period, was always provided. Therefore, it is clear that the obligations on the part of Russia are: (1) To let China redeem the C.E.R. at the end of the stipulated period; (2) to allow no third party or parties to interfere with the administration of the C.E.R.; and (3) to allow no third party or parties to interfere with the "future" of the C.E.R. That the present Moscow's action is a total and gross violation of all her obligations goes without saying. In fact, Russia herself also admitted the validity of the Sino-Russo Agreements of 1924. M. Slavutsky, Russian consul in Harbin, in his note of protest dated December 16, 1933, to the Manchukuo authorities, pointed out that the Manchukuo action is "contrary to the Sino-Russo and Russo-Mukden Agreements of 1924," and that "the Manchukuo action is without legal basis," and that "Russia is therefore not bound by such illegal action," etc. That is, on one hand, Russia resorted to these Agreements of 1924 as her reason to oppose Manchukuo actions; but on the other, she had never intended to fulfill her obligations arising from these Agreements towards China!

Doctrine of "Force Majeure," Not "Rebus Sic Stantibus," Applies

Russia always argued on China's inability to exercise authority over Manchuria as the reason for her action, to which, we, the Chinese, do not agree. Manchuria is now only in a state of "military occupation" by the invaders, because of which, China

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temporarily has lost her right of possession over Manchuria, but not her right of ownership, nor a change of sovereignty. So the Doctrine of "Rebus Sic Stantibus" would not apply in this case. In fact, the provisions made in the Sino-Russo-Agreements to exclude the interference of the "third party or parties" over the C.E.R. had the very object of preventing the encroachment of the C.E.R. by the aggressors. Secondly, The Sino-Russian relation over the C.E.R. is purely one of the "contractual relations." It is the general principle of law that the "force majeure," which might prevent a party from discharging its obligations would not render the whole contract void. The present Manchurian situation created by the Japanese aggression which renders it impossible for China to exercise her right over Manchuria would not render in any way all the Sino-Russian Agreements void!

From Yen 6,250,000,000 to 170,000,000 Yen!

Russia at first demanded 2,500,000,000 rubles as the selling price which, according to the then rate of exchange, would be no less than 6,250,000,000 Yen! But after one "big concession" after another, made by Russia, the selling price was now fixed at 170,000,000 Yen only, including the discharge allowance for the Russian railway employees. The reason why Russia had made or was willing to make such a "big concession," to Japan, we could never understand. Whether there would be any "secret understandings" between Japan and Russia, we do not know at present. But much can be said that though there is much talk about the "Red intensive war preparations" on the Manchurian border, Russia never intends to meet Japan on the battlefield. At first, it was thought that by putting up a huge sum, Russia was "marking time" with Japan, in order to go on with her war preparations. But now, this is by no means true. If such were the intention of Moscow, the bargaining over the price, and the demand to refer the problem to the International Arbitration would offer ample time for Moscow to go on with her policy of "marking time." But by her willingness to make such a "big concession," it is now clear that such was not Moscow's intention. In completing the agreement for sale of the C.E.R., Russia has done something which is indeed nothing short of Russian recognition of Manchukuo, as pointed out by the previous Chinese protests. Russia has now recognized a "situation" which was created in gross violation of the League's Covenant, Anti-War Pact, etc. Russia is now a member of the League of Nations. How would Russia explain herself regarding the Stimson "Non-Recognition" which was adopted by the League?

Suicidal, Unfriendly, and Illegal

Lastly, in agreeing to the payment, one-third in cash, and two-thirds in kind, which would include rice, raw silk, silk textiles, small crafts, electric apparatus, machinery, fishing nets, copper, tea, soya beans, etc., Russia merely lets her markets to be "invaded" by cheap Japanese goods for three years to come; and merely opens a market for Japanese surplus goods, which the Japanese have been very anxious to dispose off somewhere.

In doing so, Russia may have saved herself from an imminent war with Japan, but has destroyed all her friendly feeling and trade with the 450,000,000 Chinese, In the end, Russia may soon realize that her present action is a very short-sighted and "suicidal" one to herself; and it is a very "unfriendly" one to her potential neighbor; and it is after all an "illegal" transaction; for it is not only a gross violation of all Sino-Russian Agreements directly, but also of all other international agreements, such as the League's Covenant, Anti-War Pact, etc., indirectly!

Nanking, January 26, 1935.

Japan See san Enemy in Forthcoming Anti-War Congress

Japanese newspapers state that the third International Anti-War Congress will be held in March. Where it will be held is not clear, though the choice will be between Shanghai, Tientsin, Moscow and Hongkong. The chief subject of discussion will be a concrete fundamental policy governing the anti-war and anti-Imperialism movement directed against Japan. One Osaka journal recalls that the first International Anti-War Congress was held at Amsterdam in August, 1932, and in pursuance of the decision reached at that meeting, the second Congress was held at Shanghai in September, 1933. Although delegates from Europe, America, Australia and the East assembled, the open session of the Congress was rendered impossible by the suppression of the local authorities.

The forthcoming third Congress, though it nominally aims at the elimination of war, is under the perfect control of the Third International, and its ultimate object is to compass Japan's general withdrawal from China both for the purpose of helping Chinese Communists and for the Bolshevisation of the Far East. It is chiefly under the auspices of the World Anti-War and Anti-Imperialism Committee and the All-China Anti-Imperialism League. Invitations seem to have already been sent out to fellow-thinkers in Eastern countries, including Korea, Formosa, Manchurira, Indo-China, Annam, India and the Philippines.

The Japanese feel that the aim of the promoters is to strike a blow at Japan by exploiting her formal withdrawal from the League of Nations on March 27 and the recent growth of Anti-Japonism in China.

Sino-Japanese Relations Constitute the Key-note of Japan's 1935 Diplomacy

BY THE REVIEW'S TOKYO CORRESPONDENT

(Translations from various Japanese publications)

As if heralding the development of the relations between China and Japan in 1935 the newspapers reported on January 5 the holding of a conference by military officers stationed in Manchukuo and China with the object of exchanging views on a new policy toward China. It is also reported that the discussions progressed smoothly and an agreement was soon reached among them. The suggestive nature of the report must have stimulated the sentiment of the ill-informed public. Following the report came the detailed account of a boycott in Shanghai and other towns in China against Japanese products and the news that Chinese troops had entered Jehol district.

Diplomatic interest of the country having been inclined to be absorbed by the development of the disarmament conference and questions relating to it, there has been a tendency for undue attention being directed toward relations with China. However, in well informed quarters they have been far from slighting Sino-Japanese relations. They are quite well aware of how their country's relations with China will grow important with the development of the disarmament question. Not only from political considerations but also from the economic standpoint they insist on the need of the nation's paying closer attention to relations with China, especially during the present year and following. It is noteworthy in this connection that such popular critics on politics and economy as Dr. Seiichi Kojima and Yasuzumi Yamasaki earnestly insist on the necessity of the Nippon diplomatic efforts being directed toward China during 1935.

Following are gathered articles by leading Japanese critics published in the January and February issues of magazines and newspapers, to show how the people are mentally prepared toward China at the entrance of 1935.

Sino-Japanese Relations Are Vitally Important

Seiichi Kojima—Yomiuri, Jan, 13*:* In this column I often insisted that an important question of our financial world will be the positive advance of our China policy. This strong China policy will put up its head as a basic policy of the next Cabinet, which is expected to found itself upon the inflation and fascist factions . . . . It so happened that officers of the Kwantung army and those stationed in China assembled in Dairen early this year and decided on putting into practice their positive China policy. The details of the decision reached at the conference are kept secret but are believed to have been roughly as follows: (1) Gen. Chiang Kai-shek pretends to be friendly to Japan; in reality he is anti-Japanese, steadily planning to carry into effect the policy of strong resistance toward Japan by introducing the influence of Western Powers, (2) The solution of pending issues in North China shows no tangible progress; China tries to put off their solution in one way or another in anticipation of the arrival of the so-called 1936 crisis, (3) By taking hold of this chance Japan should endeavor to solve pending questions in North China through direct negotiations whth Chiang Kai-shek . . . . On the part of our Foreign Office it is also said that a fundamental revision of its China policy will commence beginning this year. If the year 1934 is to be regarded as having been the period during which Japan endeavored to soften the sentiment that grew up following the outbreak of the Manchurian incident, the year 1935 and after will see her advancing a step further to turn the atmosphere positively pro-Japanese. Thus, a far more positive drive toward China is to be expected durig 1935. The future development of the Sino-Japanese relations is worthy of our careful attention.

Yasuzumi Yamasaki—Yomiuri, Jan, 15*:* Among various questions connected with our foreign relations those between China and Japan will loom up big in the future and our special attention in this direction of diplomacy is imperative. It is understood that the Foregn Office, with the military's cooperation, is formulating a new fundamental policy toward China . . . On the part of the Nanking Government, with the progress of the comminist subjugation it began showing resistance toward Japan. It is also worthy of our serious attention that the Southwest Faction in Kwangtung district has recently turned markedly pro-Japanese. Taking all circumstances into consideration we find that the centre of Nippon diplomacy is her relations with China and it is even to be expected that her China policy may prove a basic element which controls her diplomatic policies toward Europe and America.

The development of the disarmament questions will be affected to no meagre degree by our relations with China.

China's Possible Attitude After Abrogation of Treaty

Hitoshi Ashida—Chuo Koron, Jan: At the abrogation of the Washington Treaty what we should direct our attention to most is our relations with China. China has no intention to realize her slogan of recovering her lost territory through armed force . . . . With his influence Chiang Kai-shek is unable to call out to the nation the recovery of Sino-Japanese amity. This is why he has been trying to eliminate the cause of possible friction in North China while flying the banner of eternal resistance to Japan ..... Since the General's influence has greatly increased of late we cannot make light of his existence. But, after all, the solution of pending questions between the two countries cannot be done between Tokyo and Nanking. The restoration to normalcy of the entangled relations through negotiation with China, which is extremely suspicious toward Japan, is second to impossibility. In the event of Russia and America standing in a position of besieging Japan as a result of non-appearance of a new naval treaty, the European faction in the Nanking Government will unite to fan up anti-Japanese sentiment. If, on the contrary, an understanding is reached between Japan and the United States China will realize the wisdom of depending upon Japan . . . . .As a relief measure of the destitute masses the Chinese will hope for the recovery of normal economic relations with Japan, while the Japanese side, by advancing no further than the line of Great Wall, is looking earnestly forward to the unification of China. These facts will indicate that there is no question between the two countries which is beyond solution by diplomatic negotiations and mutual concession. In order to lead the public with such signboard, it is indispensable that the statesmen of both countries be provided with a statesmanship that will not flinch from speaking the truth to the masses.

Hitoshi Ashida—Bungei Shunju and Sekai Chishiki, Jan: With regard to the disarmament question the United States apparently stands in need of reconsidering her Far Eastern policy. Frank Simonds declares that the United States has been brought face to face with the question of choosing between the two courses: Unless the United States has an equal naval strength with Japan on the waters of the Far East there is no upholding her policy of ensuring territorial integrity and open-door in China, the United States has either to recognize parity with Japan and forsake her interest in a portion of the Asiatic Continent or to cling to her traditional Far Eastern policy by means of holding a superior navy. The present atmosphere of the American public tends to the latter alternative .... If, as is feared, a united battle-line of Britain and America has been formed, Soviet Russia will side with the combination following Litvinov's pet policy of "friend of a strong country". As to the possible movement to be taken by China in such an everntuality no mention is necessary. Such a turn of the situation is what we should avert at any cost, but the 1935 diplomacy of Japan might usher in a similar situation at a false step.

Katsuki Inahara—Yuben, Feb: One of the most important effects of the abrogation of the Washington Treaty is that the postion of our country in East Asia will find as its first stepping stone the elevation of its status . . . Soviet Russia, seeing Japan bravely quit the League of Nations for the sake of Manchukuo, revised her estimate of Japan and realizing the wisdom of befriending Japan, proposed the sale of the N.M.R. Her respect and confidence toward Japan will further increase in consequence of the latter's abrogating the Washington Treaty and the firm stand upon which she demands naval parity. This means the elevated position of Japan in the Orient . . . . As regards China, she is not so sensitive as Soviet Russia. She clings fast to the same old idea that Japan "cannot raise her head" before Britain and America. At the time Japan withdrew from the League of Nations China expected these two Powers would punish Japan in her place, but the result of their efforts disappointed China. Still the Chinese are not enlightened enough to discover true Japan . . . . Seeing Japan stands in an awkward position through conclusion of the Washington Treaty, China further increased her reliance upon Britain and America while looking down upon Japan the more. This attitude of China culminated in the Manchurian incident. Likewise, it is reasonably to be considered that the abrogation of the Washington treaty and the insistence of the parity of the naval strength will influence the Chinese to revise their unfriendly attitude. Furthermore, Britain

and America, whose pride has already been humbled since the Manchurian incident, will completely be deprived of their dignity as a result of the new steps taken by Japan. If China reconsiders the situation and comes to Japan as a friend, Sino-Japanese coexistence and prosperity and the peace of the East will be assured. The abrogation of the Washington treaty, besides being a question of naval strength, carries with it important possibilities.

5-3 Ratio May Not Be America's Oriental Policy

Kitaburo Yokota—Bungei Shunju, Jan: It is a question whether the American insistence on maintaining 5:3 ratio is based on her positive Oriental policy; that is to say, whether it is an American policy to take up arms against Japan in such an eventuality that the open-door in China is threatened by Japan. It is problematical whether it is because America intends to crush the Japanese navy in the Far Eastern waters to safeguard her Oriental policy, that she is so obstinately concerned with the question of the 5:3 ratio. It is a question whether America will really consent to reduce her naval ratio even if she decides to make Hawaii her defense-line.

Shinsaku Hirata—Bungei Shunju, Jan: In the opinion of Starling quite a big navy would be necessary for America if she practised expeditionary strategy; the existing naval strength of the country is far from being sufficient for the purpose. Captain Jahnes insists on having a big navy for that very reason . . . . However it is worthy of note that of late officers of the American navy have come to unanimously voice as their opinion that it may rather be advisable to make a retreat, though it must be expected that Japan, taking advantage of the retreat of the American navy, may start arbitrary movement in the Orient. If America, being dissatisfied with the actions of Japan, attempts to maintain the open-door in China with military power, it would mean a great tragedy to the United States.

Gen. Chiang Is Making Kiangsi a "Model Province"

The following is a summary of the first of a series of articles written by Randall Gould, editor of the Shanghai Evening Post, who was one of the 25 newspapermen who made a two-weeks' trip into former communist-controlled areas of Kiangsi province under the auspices of the Waichiaopu and the military authorities.

First and decidedly foremost among the conclusions which I drew in the course of the trip was a strong conviction that Generalissimo Chiang Kai-shek, by his new system of communications and blockhouses supporting a type of Government soldiery equally new to Kiangsi, has broken the back of the Chinese Soviet Republic. Whether one like General Chiang or not, whether one supports or opposes communism, whether one has faith in continuation of Kiangsi's progress or sees Kiangsi as a hard-hit area now undergoing a little surface painting-up but with worse distress ahead—whatever one's viewpoint, the recent driving-out of the communists certainly is a personal Chiang Kai-shek achievement.

One thing, out of years of various oppressions, the people of Kiangsi have come deeply to desire, and that is peace—security to go about their own business in their own way. No doubt they will learn to appreciate the blessings of modern medicine, sanitation, mass education, public parks and all the rest of the elaborate plans now being put into practice if these things are persisted in, their value proved, and their cost (when it falls more directly upon the province itself than at present) found not out of proportion to the benefits derived; but first they wish peace, and peace they have at last by virtue of Chiang Kai-shek's soldiers, roads and blockhouses. They have, in fact, an embarrassment of riches as a result of the "model province's" plans.

No Revision of Chinese Tariff Likely Before Next Summer

A recent Nanking message stated that revision of the import tariff is unlikely before July 1. Internal taxes upon native wines, salt, tobacco and other Chinese luxuries will, however, be increased shortly. Foreign legations in Nanking were quoted as saying that an announcement of a Chinese Government sugar monopoly, reportedly under consideration, would draw protests, unless the stipulations of various commercial treaties with China were carefully observed.

T. V. Soong Denies Intention of Going Abroad

T. V. Soong, member of the Standing Committee of the National Economic Council, at a recent press interview in Shanghai, denied that he was planning to go abroad as had been alleged in certain newspapers. He said that the Ministry of Finance at one time had the intention of dispatching a high official abroad, but he was not aware who was going to be sent. Mr. Soong further announced that he would make a trip to Szechuan next Spring and that the National Economic Council had decided to establish an office there to plan for the reconstruction of the province.

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Military Expenditures Now Absorb 53 Percent of Japanese Budget

(*Reprinted from the "Japan Times"*)

AS the formation of the budget for 1935 approaches, the problem of the military expenditure has been pushed to the front. It is a matter of the gravest concern how the Finance Ministry authorities will be able to check the expansion of military appropriations. In this conneetion the military appropriation for this year will be fully investigated.

Military expenditures include, in addition to the budget for the War and Navy Ministries, direct and indirect military expenditures which are woven into the budgets of various other Ministries. The appropriation for the War and Navy Ministries alone, which is the military expenditure in the narrowest sense, has increased during the past four years as follows:

(In Million Yen)

Year	Total budget	Military	Pct.
1931	1,334	406	34
1932	1,850	696	37.6
1933	2,129	850	39.9
1934	2,143	936	43.7

As for the direct military expenditure woven into the appropriation of other Ministries, that involved in the national bonds and pensions is by far the largest. In addition to this, such items in the current year's budget as the conscription expense of 1,480,000 yen, the military relief fund of 1,590,000 yen, in the Home Office; the first reserve fund for the Manchurian Incident of ten million yen, the Manchurian Incident Award Expenditure of 1,310,000 yen, the expenditure for the construction of military asylums, gendarmerie headquarters and the Tokyo Military preparatory schools amounting to 1,340,000 yen, in the Finance Ministry; the expenditure for attending the disarmament conference and the Manchurian Incident outlay amounting to 120,000 yen and 3,850,000 yen respectively in the Foreign Office may well be included in the military expenditure. The national bond expenditure is 378,000,000 yen in the current year, in which that of the military meaning occupies 25 per cent, representing 90,050,000 yen. In the pension expenditure of 169,000,000 yen for 1934, the military one is estimated to be 40 per cent, representing about 70,000,000 yen. Thus the direct military expenditure woven in the budgets of other Ministries amounts to some 190,000,000 yen.

No clear definitions can be found as to the indirect military expenditure but such items in the current year's budget as the subsidy for youth training amounting to 800,000 yen, the salary paid to the primary school teachers during the time they serve in the Army and Navy as short term soldiers amounting to 440,000 yen, the expenditure for the encouragement of physical culture amounting to 110,000 yen, youth training equipment expense of 500,000 yen, in the Education Ministry; the stock farms expenditure of 173,000 yen, the cost for the encouragement of raising stallions amounting to 240,000 yen, the expense for the improvement of pastures amounting to 320,000 yen, in the Ministry of Agriculture and Forestry; the expense for expediting the self-supply of fuel amounting to 1,660,000 yen, the expense for the encouragement of the iron manufacturing industry amounting to 1,390,000 yen, the expense for the encouragement of industry amounting to 1,110,000 yen, in the Ministry of Commerce and Industry; the air route equipment expense of 1,260,000 yen, the subsidy for the air transportation amounting to 390,000 yen, in the Communications Ministry and the Manchukuo Emigration expense of the Overseas Ministry amounting to 530,000 yen may be considered as the military expenditure. Those indirect military expenditures amount to some 10,500,000 yen.

Thus the direct and indirect military expenditure hidden in the budgets of other Ministries is in the current year's budget more than 200,000,000 yen in total and when we add this to the appropriation for the War and Navy Ministries reaching 936,000,000 yen, the expenditure for the military purposes amounts to some 1,136,000,000 yen, representing 53 per cent of the total budget for 1934.

Now we must limit our attention to purely military expenditure in the narrowest sense of the word, that is to say the appropriation for the War and Navy Ministries. What constitute the most part of the increase of the military expenditure in the current year's budget are undoubtedly the cost for the improvement of the equipment and the Manchurian Incident expenditure, the contents of which are as follows:

(1) The expenditure for the improvement of equipment.

(A) The War Ministry

(In Yen 1,000)

The expenditure for the preparation of war materials	102,546
The expenditure for the improvement of various systems	2,266
The expenditure for the improvement of the military force in Manchuria	4,368
The expenditure for the improvement of air fields ...	405
The total	109,587

(B) The Navy Ministry

(In Yen 1,000)

The expenditure for the construction of auxiliary vessels	66,854
The expenditure for the increase of air corps ...	9,000
The expenditure for the improvement of the fleet force	49,263
The expenditure for the improvement of the air force	35,162
The expenditure for the improvement of equipment on land and sea	14,635
The expenditure for the improvement of weapons ...	16,340
The total	191,255

As this table shows, the increase is due mainly to the improvement of war materials in the War Ministry and the construction of vessels and the improvement of the air force in the Navy Ministry. As these aim to improve and maintain the weapons based on the modern warfare technique, these vast amounts of expenditures are likely to increase year after year in the future.

(2) The Manchurian Incident Expenditure.

(A) The War Ministry

(In Yen 1,000)

The expenditure for the transportation of troops and for the construction of barracks	48,514
The salary and the expenditure of the provisions corps	66,767
The expenditure for the wear and tear of weapons and for the remove of troops	18,543
The Total	133,824

(B) The Navy Ministry

(In Yen 1,000)

The maintenance cost of the vessels dispatched to China, the landing corps in Shanghai and the Navy corps stationed in Manchukuo	9,189
The cost for the preparation of weapons and the exchange of the landing party	2,439
The Total	11,638

The cost of the Manchurian Incident is chiefly used for the suppression of the bandits.

Thus we have made clear what the military expenditure is and what constitute its increase. Next we will turn our attention to the military appropriation for the coming fiscal year. The military estimate is now under deliberation in the Accounts Bureau of the Finance Ministry and it will not be decided until the end of November. Judging from present indications, the military expenditure will not decreasc in the coming year. The demand for the new appropriation submitted by the War and Navy Ministries is reported to be as follows:

(A) The War Ministry

(In Yen 1,000)

The cost for the Manchuria Incident	160,000
The cost for the improvement of air defence	70,000
The pension for the militia men and other new demands	16,000
The second equipment improvement expenditure ...	70,000
The Total	316,000

(B) The Navy Ministry

(In Yen 1,000)

The maintenance cost of new vessels...	76,000
The cost for the improvement of equipment	44,000
The maintenance cost of the air corps	24,000
The cost of the air corps and their weapons	17,000

The cost for the construction of auxiliary vessels ...	15,000
The cost for the improvement of weapons	15,000
The cost for the preparation of war material	8,000
The cost of the equipment on land and sea	12,000
The cost for the grand naval manuvers	5,000
The Total	296,000

As this table shows, as for the War Ministry, the Manchurian Incident expenditure will increase by three million yen and the cost for the improvement of air defense and the second equipment is regarded as the second plan for the perfection of national defense of the War Ministry and they will be continued in the future. As for the Navy Ministry, it plans to perfect the first and second replenish plan by the new vessels maintenance cost and the equipment improvement cost and at the same time with the expansion of the air corps, the third replenish plan will appear in the budget for the first time. When we add this new demand of the two ministries to their running expenses of some 730,000,000 yen the military appropriation for the coming fiscal year will amount to 1,340,000-000 yen, which is larger that the total budget for 1931.

It is a matter of grave concern to what an extent the Finance Ministry authorities will be able to check the expansion of the military expenditure. Surprised by the vastness of the new demand of the military, the Finance Ministry authorities have granted, it is reported, in the first draft 150,000,000 yen out of the new demand of the Army and 80,000,000 yen of the Navy. It is however utterly impossible to think that the Army and Navy will consent to this drastic cut and heated discussions will be held between the Finance and Military authorities before the final conclusion will be reached with the latter gaining much ground. Even if the military authorities would consent to this cut and make no demand further, the total military expenditure for the coming year will be 970,000,000 yen, larger than that of the current year by 34,000,000 yen. And if the direct and indirect military expenditure hidden in the budget of other ministries are taken into consideration, it is evident that more than half of the national expenditure will be spent in the defense purposes.

Press Congress of the World Will Meet in Melbourne This Year

The Press Congress of the World, which maintains offices a Columbia, Missouri, announces that the world meeting scheduled for Melbourne, Australia, in late March of 1935 has been postponed for a number of reasons, not the least of which is to give the Congress the time and opportunity to undertake an expansion of the scope of its activities. Additional appointmens of Vice-Presidents are being made, bringing the number of nations and major political divisions of the world participating in Press Congress work up to seventy-five.

The Press Congress of the World, founded in 1915, has held sessions in San Francisco, Honolulu, Geneva and Mexico City. Leading newspaper men of from twenty to thirty nations attended these meetings, where frank discussion of newspaper problems took place and resolutions on specific press problems were adopted. The proceedings of each meeting were published in volume form and distributed free to all members.

The briefest sort of a resume of what the Press Congress has accomplished shows that it has done much by bringing journalists of all countries together for discussion of their problems, by aiding in the reduction of press cable and wireless tolls, by securing the liberation from prison and fair trial of several newspaper men in countries where the press is still far from free, by promoting journalistic education, by increasing the flow of international news, by fostering the exchange of journalists among newspapers and schools of journalism in various countries, by working toward an international press identification card, which will be officially recognized as both a passport and press card, and other activities.

Ministry Drafts Measures to Liquidate "Savings Societies"

A set of measures for liquidation of the so-called "savings societes," which offer high lottery premiums to attract the public, has been drafted by the Ministry of Finance. The measures will provide for the return of deposits to bond-holders and cessation of the issue of new bonds by the societies.

London "Financial News" Comments Favorably on Chinese Customs Revenue

The favorable nature of the Chinese Maritime Customs revenue for 1934 was the subject of comment by the London *Financial News* Jan. 23. The journal declared that the revenue for 1934 was expected to show a much greater decline as compared with 1933 and, as a result, Chinese bonds immediately responded and were now very steady.

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How to Understand the Chinese*

BY LIN YU TANG (林語堂)

YOU have all heard of the Great Wall of China, but you are probably not aware that there are three Great Walls, instead of one. The first one is in the north of China. In the age of airplanes, it is no longer very effective. The second one is more formidable and is quite effective in shutting all foreigners out from any real intimate knowledge of China. With this second Great Wall, it is possible for a foreigner to live in China for twenty or thirty years without knowing what we are thinking and writing and discussing in our papers. This second Great Wall, you will have already suspected, is the characters of Chinese writing. The third Great Wall, the last and most effective, the real Great Wall of China, is happily located in Shanghai. It has the magic property of shutting off the Chinese from the foreigners although we are living in the same city and walking in the same streets. This Great Wall of Shanghai is a magic wall which renders the Chinese invisible to the foreigners and renders the foreigners invisible to the Chinese, so that you see us every day and yet don't see us, and we see you every day and yet don't see you. It makes it possible for foreigners to walk through a densely crowded Chinese street as if the whole lot of us didn't exist. You would have seen this Great Wall long ago, if you had eyes to see it. It is more difficult to climb up than the Great Wall of Ch'ih Shih Huang, but if you have any tourist curiosity, I should advise you to take a walk one afternoon and climb up on top and see from its height a wonderful sight. You will see how the Chinese live on one side of the wall and the foreigners live on the other, and you will admire how near each other we live and yet how we manage to keep apart. Physically the Chinese and the foreigners are probably in daily contact, yet spiritually they don't see each other. They ought to mix, but they don't.

While we Chinese must assume full responsibility for building the other two walls, you foreigners must receive credit for largely contributing to the strength of this Great Wall of Shanghai.

"An Inscrutable Race"

We Chinese are to blame too, because we are, as you are very fond of saying, "an inscrutable race." We turn everything upside down. The greatest of all differences is that our standards of value differ from one another. You separate your spiritual and material values, while we blend the spiritual and material values in one. You cannot be spiritual and material at the same moment, but we can, and we see no necessary conflict in it. Your spiritual home is in heaven, while our spiritual home is on earth. In other words, you are Christians, while we are pagans. Your Christian pride absolutely forbids you to see the beauties of a pagan culture.

So it seems both sides are pretty thick-headed. The situation today is, a true Englishman does not care to make himself understood to the Chinaman, and a true Chinaman troubles himself just as little to make himself understood to the foreigners. When it comes to racial pride, you have to take off your hat to the Chinese and the English. Both are equally thick-headed and stubborn, although at bottom both are quite alike in many respects, alike in being suspicious of too logical arguments, and in capacity for "muddling through." You muddled through the Great War and the gold standard and we muddled through our four thousand years of national life and we will yet muddle through the problem of Manchuria, and today we are both facing life with a muddled head and a ruddy complexion. Neither the Chinese nor the English cheek is ever pale with reflection. The relationship of Sino-foreign intercourse in Shanghai today remains essentially on the level of the African negro trade. One party wants the other's ivory, and the other wants his trinkets. There is hardly a common bond of humanity between us.

I shan't attempt to break down the Great Wall of China before your eyes within the twenty minutes I have and make you understand the Chinese. That would be regarding the matter too simply, and I object because it would be also too comfortable for you, to have a Chinese come to speak to you in your own language and in your own rooms in twenty minutes and then consider you have understood the Chinese. I might spend the twenty minutes in teaching you to say "good morning" and "thank you" and "I beg your pardon" in Chinese, which I know you haven't learn't but which are the first steps towards understanding the Chinese properly. But I shall merely try to give a point of view and a few hints.

The fundamental difference between the Chinese and the foreigners is that the Chinese are often childish in those things in you which you are mature, and the Chinese are mature where you are often childish. If you can see this point, you have the ground well paved for a truer understanding of the Chinese people.

If you want to understand the Chinese, you should learn on the one hand, to be a little more childish, and on the other, to feel older and be older and less simple-minded.

Extracts from a speech delivered before the Joint Committee of the Shanghai Women's Organizations at the British Women's Association on January 16, 1935.

My first advice is therefore: *Be ye as the little children*, if you want to understand the Chinese. This for a general reason and a particular reason. First for a general reason: children not only learn foreign languages faster than grown-ups, but they also understand foreign people better, and that for the same reason, viz., they haven't formed certain mental and physical habits which make them incapable of understanding any people not their own. The child is more open-minded. He has a keener desire to earn and understand, and he has a greater scientific curiosity about the world around him. He has also a greater sense of adventure. The grown-up, on the other hand, is usually mossy and foggy and withered and stale. His mind moves along certain grooves and cannot get out of them, like a donkey-cart sunk in a country road of loess. In order to understand the Chinese, you have to forget your conventional, foggy, adult notions of Reilgion and Dividends and Democracy and Success. You have to freshen up your mind a little and look at life more naively and more truly. This you can learn from the child, for the child has a truer scale of values.

Learn to Be as the Little Children!

But to understand the Chinese people especially, you have to learn to be as the little children, because the Chinese people are essentially a more naive, more childish people in certain respects. There is a side of the Chinese character, their naivete and joviality, which you do not see. We have lots of fun at home. Like the child, we live closer to nature, and like the child, we think more emotionally than you Europeans. We think with our heart, while you think with your head. We think more instinctively while you think more logically, and we often arrive at the same truth, but by a quicker route. You cannot read five pages of Chinese literature without receiving this impression. European truths are always pale-faced and smell of the laboratory or the scholar's midnight lamp, while Chinese truths are always ruddy-faced and alive.

My second advice is: *Feel yourself older.* Every nation has certain contradictory aspects which are the result of different forces of their culture. While the Chinese are at heart naive and carefree and emotional, they are far from simple-minded. In fact, we Chinese often think of you foreigners as simple-minded. If we want to cheat you, we can do so any time, and if want to insult you, we can at any time say things which you may mistake for a compliment. Say we are more crooked if you want, but that is neither here nor there. It is simply a matter of social convention. If an American Secretary of State disagrees with the President in a matter of state policy, he resigns and says he disagrees with him in a matter of state policy. When a Chinese minister disagrees with General Chiang Kai-shek, he resigns also, but never says he has the audacity to disagree with him, but merely says he has a bad tooth or a stomach-ache. When an American President disagrees with his Secretary of State, he dismisses him, but when a Chinese president disagrees with his minister, he says he likes him so much he is willing to provide a hundred thousand dollars to finance a world tour for him. You can't say whether these things are moral or immoral, because they are, as I say, matters of social convention.

In order to understand the Chinese people properly, you have to realize that the Chinese are older than the westerners, both individually and nationally. You must make an allowance for this difference. While American college boys are playing football and driving and repairing cars, Chinese college boys are already talking of Kant and Goethe and thinking of how to save their country, which is very much in need of salvation. You could always safely add eight or ten years for their mentality. Talk to a Chinese boy of twenty as if he were a man of thirty, and talk to a Chinese of thirty as if he were a man of forty. Always compliment him by saying "You are so old," for that is the greatest compliment a Chinsee can give in China, and Chinese young men always aspire to appear old and mature. You say in England that if a man isn't a socialist before twenty-five he is an idiot, and if he remains a socialist after twenty-five, he is a fool. In China, if a man isn't a socialist before eighteen he is an idiot, and if he is still a socialist after eighteen, he is a fool. Instead of being enthusiastic about ideals and social reform or any new venture, the boy of eighteen will advise you, "No, no, it can't be done, for this and this reason."

The Bland and Calm Chinese Face

You could see the effect of this social attitude on Chinese faces. While foreign faces are always angular and full of protuberances and aggressive-looking, the cultured Chinese face is always toned down and bland and calm. The result is that, in the west, the faces that are angular and full of protuberances are the good, forceful and successful faces, while in China, the toned-down and bland and calm-looking faces indicate the successful scoundrels. There are lots of Chinese faces that are keen and aggressive and are not toned down, but these men are always failures, because they have failed to adjust themselves to Chinese society. Therefore, the better a man is in China, the more he looks like a scoundrel, and the greater scoundrel a man becomes in China, the more saintly and spiritual he looks. In the west, you can always tell a scoundrel for a scoundrel But in China, when you see a man looking like a scoundrel, you could place absolute confidence in him. Make him your business manager or your cashier, because he deserves it. If you see a saintly face, you should look out and have as little to do with him as possible. He may have broken a bank or stolen half a million dollars from the National Treasury. I shan't go into the reasons for this. One of

the reasons is that in the west a successful scoundrel is conscience-bitten and his face shows it, but in China a successful scoundrel is happy with himself and worshipped by his family.

There is also a particular reason why you should feel older if you want to understand the Chinese, for nationally we are older too. With all your brilliant progress and your intellectual "smartness" and your devilish wars and warmachines, you often seem to us fundamentally childish. You keep on fighting and making progress, and we ask, "What for?" We are an old nation and we see with our old eyes much that is superficial and much that is of true meaning in this life. When a man is young, he wants to get things and achieve things, but when a man grows older, he begins to see things in their right perspective. He becomes less aggressive and more pacifist; he is intent not on getting things but on keeping the things he has, the things of true value; he is less desirous to make progress than to know how to live. That is our old-world philosophy which makes us calmer and more tolerant and more pacifist, and which regards as the important thing in life not how to make progress but how to arrange our lives so that we may work patiently, endure nobly and live happily, for this is the alpha and omega of Chinese learning. For life, after all the vain struggle for money and glory, boils down to a few things, which are mainly physical, like good food, a good home, a peaceful heart without worry and a good bowl of hot congee on a cold morning. All the rest is vanity of vanities. If you wish to understand the Chinese, you should understand this old-world philosophy and understand our scale of values. You should imagine yourselves ten years older than you are, and learn to take delight when somebody calls you "an old woman." My final advice is therefore, do not look ridiculous by trying to compete with your daughters by face-lifting and wearing a tight corset. Try to look happy in your age and make your daughters compete with you and yearn to have a few white hairs on their heads and cultivate a few wrinkles on their brows. For after all, from the point of view of the Chinese, the most beautiful woman is not she who powders and rouges, but she who has the benign face of a happy grandmother, surrounded and loved and honored by her children and grandchildren. If you cannot see even the beauty of the kind-faced grandmother, then you certainly will never understand China, and I must indeed give you up as incorrigible Europeans.

Electric Light Versus Daylight

The world is gradually learning that artificial illumination is in competition with daylight—in competition, in the fact that electrical illumination should equal in power the light by which we live and see during the day. Nature works, with maddening slowness in adapting the human machine to man-made changes and eyes today are fundamentally the same as there were when improvements in artificial lighting began. We still have the same optical equipment as the cave man. And we are trying to accustom that optical equipment to long hours of abnormally intense visual service under very subnormal artificial lighting and nature naturally refused to be hurried in her patient process of evolution.

The Shanghai Power Company tells us what to do about it in a very simple way—though it took many years of research by highly trained technicians and almost countless tests and experiments in one of the world's best equipped laboratories to arrive at this answer: Adjust artificial lighting to Nature's daylight conditions—do not attempt to adjust Nature's eyes to subnormal artificial lighting conditions; and isn't that a sensible answer? Think of the times you've been tired with no aparent reason—perhaps you've had headaches after close reading or seeing—you've thought about seeing an eye specialist, perhaps you really need to see one—but nine chances out of ten, you've been doing hard visual work under unnatural lighting conditions—just dispelling the gloom of darknes sisn't enough to help the eye in its difficult task of seeing better, and for a longer length of time.

Difficulty in seeing leads to all sorts of unexpected reactions—headaches, digestive disorders, unnatural fatigue, nervousness. Even stronger is the established fact that bad eyesight has a very grave effect upon character. It may result in one child becoming self-conscious, lead another child to "play hooky" or run away from home. Irritability, mental depression and loss of confidence are frequently traceable directly to impairment of the sense of seeing.

The new knowledge of sight doesn't take over any of the invaluable work of the doctor or optometrist. It simply renders that work more effective by restoring natural lighting conditions to replace the unnatural conditions of present-day artificial lighting.

It does this by the simple expedient of providing approximate daylight instead of being content merely to dispel darkness. The cleverest minds in the electrical world, after months of effort evolved this amazing little long case, carrying within it the power of transmitting light rays to scientific measure. Merely place this on your desk, or near your work and the needle on the dial will register, good, bad or indifferent light.

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The majority of childhood's aches and ills originate in the stomach and bowels, and it is because of their outstanding efficacy as a corrective of these that Baby's Own Tablets enjoy such wide esteem. To dispel infantile constipation, correct indigestion, colic, 'wind,' cool feverishness, aid and ease teething, check diarrhoea, relieve croup and colds, expel worms, there is nothing so good as

Baby's Own Tablets

The Proposal to Establish a "China House" in America

BY PAUL K. WHANG (汪仲芳)

JULEAN Arnold, American Commercial Attache in China, during his recent sojourn in the United States, has been urging the business men there, particularly on the Pacific Coast, to organize a "China House" or "House of the Orient" in order to bring the Far East closer to American people. This proposed organization, as reported, will serve as "a clearing house and center of co-ordination of Asiatic contacts." Its objectives will be "to correct the idea that all Chinese are laundry men, vegetable vendors or menials; to revise the Asiatic chapters in school texts; to publish maps featuring the Pacific rather than the Atlantic Ocean as the center of world geography; to stage Asiatic pageants; to discourage irresponsible cruises to the Far East; to encourage more Asiatic students to do graduate work on the Pacific Coast rather than going to the East; and to induce leading Pacific Coast newspapers to maintain well-qualified correspondents in China and Japan."

Mr. Arnold's project will be heartily endorsed by all the Orientals in general and the Chinese in particular, inasmuch as the latter have been especially misrepresented in schools texts, on the silver screens and by irresponsible newspaper men in the United States. This misrepresentations have long been the cause of complaints among the Chinese people, and have very much marred the otherwise very friendly relations between the American and Chinese people. What is especially tragic is the fact that the majority of the American people whose contact with Chinese is limited to laundry and chop suey men and whose information about China and Chinese is drawn from school texts, motion pictures and newspaper reports have naively accepted these misrepresentations at their face value without bothering themselves to verify their truth. As a result, most of the American people have embraced deep-rooted anti-Chinese prejudice and tended to look upon the Chinese as nothing better than a class of opium-smokers, gamblers, robbers and what not. So long as this strong racial prejudice is not up-rooted, the friendly relations between American and Chinese people will remain a mockery.

International Trade Must Be Built on Goodwill

That the international trade must be built up on the foundation of good will and friendship can not be gainsaid. A few countries may rely upon superior military prowess to capture foreign markets, but the temporary gains thus made will not make good the ultimate losses. The truth of this statement can be better explained by the fact that America's trade with China at present stands way above either Japan or Great Britain. The success of the United States in attaining the premier position of China's foreign trade is but a result of the continuation of friendly policy sponsored by the far-sighted statesmen of the American Government. The trade returns would be even more favorable to the United States, if the majority of the American people had not partly forfeited the good will of Chinese students and business men by assuming an air of racial superiority and snobbishness toward the men of yellow skin.

The American Government has been generous enough to return to China G.$25,500,000 of the American Boxer Indemnity Fund, whereby thousands of Chinese students can be sent to that country to receive higher education. Besides, many private students have also gone to America every year. True, many of the returned students, because of their education, have become America's warm friends and strong supporters throughout their later life either in political or commercial field. They have brought back American ideals and led their later life in accordance with the American style. It goes without saying that their pro-American attitude has had a profound influence over their relatives and friends. Largely through this influence, America has been able to build up a big trade in China.

But it must not be forgotten to mention that quite a few returned students have brought back nothing but ill-feeling and bitter resentment. They have lamented that in a country which has been known as China's best friend, the majority of the people should embrace such a strong racial prejudice against the Chinese people. They have also deplored that in a land where equality has been the watchword, the color line should be drawn so sharply. Before they left their own country, they had entertained a very high hope of this land of liberty and equality. Once they set their foot on the New World, they found that their hope was completely shattered, because wherever they went they were met with discriminations. They could hardly feel themselves at ease, when their presence either on a train, or in a restaurant, or at a public place was frowned upon by the Whites. Thus as soon as they finished their studies, they hurried back to their own country as refugees to the haven. The impression they gained during their sojourn has become their impression forever. Although the number of returned students of this class is small, yet their influence can by no means belittled on that account.

The writer has been in the United States for five years, and has stayed both in the Mid-West and in the East. During his long sojourn, he, in common with many other Chinese students, has undergone many persecutions because of the color of his skin. Many times, when he was looking for a furnished room, he was told, "No Chinaman taken." Oftentimes, when he visited a barber shop, he was told, "No Chinaman wanted." Sometimes he had even the difficulty of finding a decent restaurant wherein to eat, because he was told that the taking-in of Chinaman would lower its prestige and scare away the White customers. Fortunately he was not as sensitive as many other Chinese students and maintained 'what-do-I-care' attitude toward all these manifestations of racial prejudice. But to live under such an unfavorable circumstance and in such a hostile atmosphere is, of course, a severe trial—a trial which will never be forgotten by all the returned students.

On the other hand, it will not be fair without mentioning that not all the American people are thus narrow-minded. The writer found among his school mates a few very broad-minded people who were ever ready to befriend him and assist him. Many of his school acquaintances have remained his best friends up to the present time. But these broad-minded people are as rare as morning stars, and only the lucky ones can come across with them. Nevertheless, it is gratifying to say that in a country where racial prejudice has been so prevalent one can still find a few broad-minded people whose outlook is not prejudiced by the color line and whose friendship is not restricted by racial barriers. The undoubtedly represent the best type of American people and the up holders of the real American ideals and traditions.

How Americans Acquired Anti-Chinese-Prejudices

The American people, it must be said, were not born with anti-Chinese prejudice. They have acquired it through their contact with low class Chinese people and their lack of authentic information as to the conditions in China. Therefore, in order to eradicate this anti-Chinese prejudice, there is no other way but to have China and Chinese people truly represented in school texts, on the silver screens and in newspapers. When the American public have the chance to see and read Chinese things in their true perspectives, they will naturally learn to appreciate Chinese culture and art, so much so that their prejudice will give way to sympathy of its own accord.

Thus Mr. Arnold's project will serve a good purpose in this regard. Having worked for the promotion of Sino-American trade for a long time, he knows better than anybody else the potentiality of Chinese market. In the meantime, he is not oblivious of the fact that the international trade must be developed through mutual good will and friendship. This conviction has possibly prompted him to lay down a program of education and contacts with the purpose of arousing "the apathetic American public" who have not yet been aware of "America's ever-expending opportunities and growingly graver responsibilities incident to its important geographical position in the Pacific."

The suggestions that the Asiatic chapters in school texts should be revised and leading Pacific Coast newspapers should be induced to maintain well qualified correspondents in China and Japan deserve our special attention. Hitherto American school children have been taught of nothing good of China but bound-foot, pig-tails, and opium-smoking, while the American reading public have been supplied with no enlightening news but the thrilling tales of piracy and banditry. Thus from childhood, American people have acquired an anti-Chinese prejudice, which has been further strengthened in their later life through what they have read from the newspapers and what they have seen on the screens. Therefore, these suggestions, if carried out into practice, will go a long way to remove the causes which have been responsible for the present prevalent anti-Chinese prejudice among the majority of American people.

It is our hope that Mr. Arnold's project will be adopted by the American business men not only on the Pacific Coast but also in other parts of the country. From the Chinese standpoint, the establishment of "China Houses" will contribute much to improving the understandings between the American and Chinese people,—which in turn will strengthen their tie of friendship and promote the further growth of Sino-American trade.

Who's Who in China

Percy Chen, journalist and business man; born at Trinidad, British West Indies, 1901; eldest son of Eugene Chen, former Minister of Foreign Affairs of the Nationalist Government; studied law in England and was made a member of the Middle Temple; called to the English Bar at the age of 21 in 1922 and later practised law for several years in Trinidad; returned to China in the fall of 1926; was appointed a member of the staff of the Foreign Office of the Nationalist Government and followed the Nationalist Armies to Hankow during their Northern Punirive Expedition; in 1927, he was commissioned by the Nationalist Government to conduct Borodin and other Russian advisors to their own country; he is now advisor to the General Motors Corporation in their negotiation with the Soviet Commissariat of Heavy Industry; he was invited to fill this position on account of his wide knowledge of conditions in the Soviet Union, where he studied the situation during the past six years; he is probably the first Chinese employed by a great foreign Corporation as its advisor in a foreign country; he is now also correspondent of the *Ta Kung Pao* at Tientsin; he believes that Sino-Soviet friendship should be one of the corner stones of Chinese political policy and is working to further that policy; he plans to return to China for a visit this year, travelling by way of India and Venice; address: General Motors Export Company, Mertvy Periulok, Dom 18. Kvatira 9, Moscow or c/o the Chinese Embassy, Moscow, USSR.

陳丕士
Percy Chen (Chen Pei-sze)

陳丕士，年三十四歲，生於西印度曲立代特，前外交部長陳友仁之長子，幼年肄業英國習法律，一九二二年加入英國律師公會，後任曲立代特執行律師職務多年，一九二六年秋返國任職於國民政府外交部，旋隨同國民革命軍北伐至漢口，一九二七年國府令其伴同鮑羅廷及其他俄籍顧問回國，過去六七年中旅居俄國，因其對蘇俄情形極爲熟悉，美國通用汽車公司特聘其爲駐俄顧問，華人在外國爲該公司之顧問者氏爲第一人，又兼任天津大公報駐俄通信員。氏對於中俄關係力主二國友好親善並極力提倡之，氏擬於今年經印度返國一行，考察國內情形，通信處：莫斯科中國公使館轉交。

Sun Yat-sen University Asks Boxer Funds for New Campus

On December 25, 1934, the National Sun Yat-sen University at Canton addressed a petition to the Sino-British Board of Trustees of the Boxer Indemnity Fund, requesting that a grant of $5,000,000 be made to the University for the construction of its new Campus at Shihp'ai. Simultaneously, a letter of appeal in Chinese was addressed by Chancellor Chow Lu of the University to every Chinese member of the Board, soliciting their assistance in securing a favourable consideration of the petition.

Chinese in Speech in Texas Says U. S. Fleet Impotent in Far East

The United States fleet is not sufficiently powerful to protect Hawaii and the Philippines if Japan desired to annex them, Dr. Cho Min-wei, head of the Central China College, declared in a speech made at Houston, Texas, Jan. 25.

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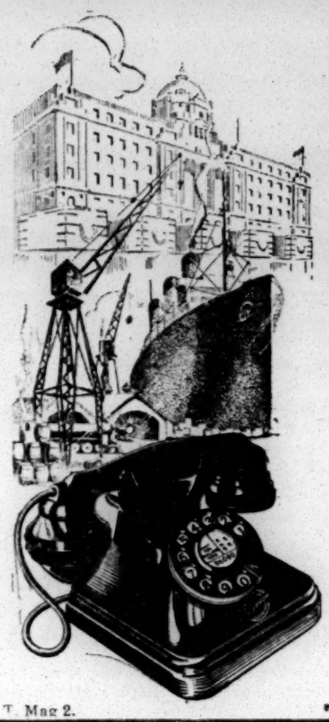

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Men and Events

John R. Morris, manager in the Far East of the *United Press Association*, returned this week from a trip to Hongkong.

Miss Ann Harding, noted screen star, sailed from San Francisco, Jan. 26. for Hongkong, on a holiday.

Madame Flora Rosemberg, well known French barrister-at-law, departed this week on a trip to Paris, traveling by way of the United States.

Leslie Lewis, Far Eastern manager of the United Aircraft Export Corporation, and Miss Winifred May Hinds were married by Dean A. S. Trivett at the Holy Trimly Cathedral, Shanghai, Jan. 26.

An exhibition of Elizabeth Keith's color prints was held last week by Kelly & Walsh, Ltd., in Shanghai. The studies covered principally Peiping and a few of Korea, where Miss Keith had been working for the past year.

Aimee Semple MacPherson, Los Angeles evangelist, sailed by a Japanese steamer from Seattle, Jan. 23. In the course of her trip she will visit Japan, China—Shanghai: and Canton—the Philippine Islands, India, Greece and Germany.

Leon Friedman, general manager of China Motors, Federal Inc., U.S.A., departed for Tientsin last week enroute to St. Moritz, Switzerland, via the trans-Siberian railway, for a prolonged stay. He will later proceed to the United States, returning here next Summer.

General James G. Harbord, Chairman of the Board of the Radio Corporation of America, entertained China's Military Communications Mission, headed by General Yu Fei-peng, at a dinner in New York Jan. 22.

The death occurred in Yokosuka, Jan. 25 of Admiral S. Uno, former commander of the Japanese Naval Barracks, at the time of the Shanghai incident. He remained here until last September at which time he was transferred to his late command.

Mrs. D. W. Kemp, who has been secretary in the Department of Public Health in the Peiping Union Medical College for a number of years, has joined the staff of the Rockefeller Foundation in Shanghai. Miss Ruth Hill has taken Mrs. Kemp's place in Peiping.

Hin Wong, editor of the English Section of the *Central News Agency*, has been elected vice-chairman of the World Press Federation to conduct a membership campaign in China before the next international press conference scheduled to be held in Australia this year.

Messrs. Liang Yu-kao, Chen Chun-pu, Chang Chia-chow and Kuo Lun, have been appointed by the Ministry of Foreign Affairs to probe commercial and consular affairs in the Straits Settlements and other countries in the South Sea Islands. They will leave during March and will be gone about three months.

The Central Film Censorship Board at Nanking last week announced the withdrawal of its approval of the American film "The British Agent." The picture has in the meantime been sent to Hongkong where it will have to run the gauntlet of British censorship.

The death occurred in Peiping, Jan. 25, at the age of 62, of Huang Chi, Professor of Chinese at the National University of Peiping. Professor Huang was a native of Shunteh and played a prominent part in spreading revolutionary ideas towards the closing years of the Manchu Dynasty.

A London message Jan. 23 stated that Captain Geoffrey Layton, Chief of Staff of the China Station from 1931 to 1933, had been promoted to the rank of Rear-Admiral, replacing Rear-Admiral D. B. Le Mottee who has been placed on the retired list.

Dr. Sven Hedin, the well-known Swedish explorer, and leader of the Chinese Government's Highways Expedition to the Northwest, has written to friends in Peiping saying that he is quitting Kansu and expects to arrive in Peiping early this month. Dr. Hedin will be 70 years of age, Feb. 9.

Miss Lillian Decker of the Noyes School of Rhythm in New York, is at present in Japan. She is intends to spend the next year in Peiping before completing a trip around the world. During her stay in Peking Miss Decker will assist Miss Caroline Bieber, who is doing somewhat similar work to that of the Noyes School, in China.

Dr. Emilie Bretthauer, head of the American Baptist Foreign Missionary Society's Hospital for Women and Children at Suifu, Szechuan, has written to friends in Shanghai that she will be leaving for a holiday May 1. Her address in the United States will be Box 199, Laurel Springs, New Jersey.

Akira Ariyoshi, Japanese Minister to China, will resign in April or May, according to a report which was published in the *Asahi* on Jan. 22, the report stating that he would be succeeded by either Hachiro Arita, Ambassador to Belgium or Mamoru Shigemitsu, at present Vice-Minister of Foreign Affairs in the Tokyo government. Mr. Shigemitsu previously served as Consul-General at Shanghai and Minister to China.

Dr. J. E. Bowen, former president of the University of Nanking, accompanied by Mrs. Bowen, returned to China this week from a trip to the United States. They are now in Nanking.

Hans H. Bohlmann of the American Express Co. and Miss Peggy Williams are to be married Feb. 8 at the home of Dr. and Mrs. A. M. Dunlop. Miss Williams is the daughter of Mr. and Mrs. Edward Hale Williams of Shanghai and Minneapolis. Mrs. Williams will leave for home, going by way of Suez and Europe on the Dollar Liner *President Johnson*.

Henry S. DeVault, who has been with Haskins and Sells for 20 years, has opened his own offices at 51 Canton Road for practice in all branches of accounting. Mr. DeVault is a member of the American Institute of Accountants and the American Society of Certified Public Accountants.

The Fourth Marines U. S. Marines Corps has issued a Telephone Directory of its own which runs into 26 pages. It gives the names, residences and telephone numbers of all officers and married enlisted men of the Fourth Marines and also the telephone numbers of foreign military units.

Van Kwang, formerly director of the Asiatic Affairs Department, has been named by the Ministry of Finance to take over the post as superintendent of Hangchow Customs. Wu Tien-fan, former deputy director of the Publicity and Intelligence Department of the Waichiaopu, was named to the Ichang post to succeed Lin Chi-feng.

Miss Cheng Tsu-li and Shen Chin-ting, former Director of the Department of Asiatic Affairs and newly appointed Consul to Panama, were married at Nanking Jan. 27. President Wang Ching-wei officiated at the ceremony. The newly-married couple have already departed for Panama.

M. Sotof has been appointed the new manager of the Shanghai branch of the *Tass News Agency* in succession to J. Chernov who will return to Moscow in March after serving here for three years. M. Sotof departed from Moscow Jan. 28 for Shanghai by way of Japan in company with his family.

The Shanghai Electric Construction Company, Ltd., (the official name of the Shanghai Tramway Co.) last week signed a contract for the sale of the Singapore undertaking, which has been under the management of the local concern since 1925, to the Singapore Traction Company Ltd. An offer by the Singapore company to buy out the rights of the Shanghai company for the sum of £100,000 has been accepted and agreed to by both parties subject to any necessary legal consents by parties interested and local legislation.

Recent telegrams from London state that German missions abroad are facing catastrophe as a result of Germany's currency export restrictions. The money contributed to German missions has shrunk from £330,000 annually to £700 in November and, as far as one could see to nothing in December. Great hardship was undoubtedly being caused by the sudden cessation of supplies. German missionaries in some places are, as a result, destitute.

Robert Haas, director of the transit and communication section of the League of Nations, accompanied by Mrs. Haas, arrived in Shanghai on January 29 for a three-months tour of inspection in various provinces in China, in connection with national reconstruction and rehabilitation work. The new League delegate is expected to carry on the work of Dr. J. Rajchmann, liason officer of the League of Nations, who left China more than a year ago.

E. S. Wise of the passenger department of the Dollar Company delivered an address before the members of the Foreign Y.M.C.A. and their friends on Tuesday evening of this week. The subject of the lecture, which was illustrated, was "Adventures in West China," and was based on a recent trip that Mr. Wise made into this section. Mr. Wise also has prepared an illustrated lecture dealing with the Grand Canyon and American national parks.

General Hsu Ting-yao and other military members of the Chinese mission headed by General Yu Fei-peng, vice-minister of communications, boarded an Italian steamer early this week on their return to China. During the past three months, General Hsu, with special assistance from the British War Office, had minutely studied various units of the British Army, particularly transport matters.

Funeral services for the late Dr. James Richard Wilkinson, who died at his home in Soochow Jan. 21, were held at the Chapel of the Elizabeth Blake Hospital in Soochow Jan. 24. The late Dr. Wilkinson was 72 years of age and had spent the last 40 years in Soochow, having been associated with the Elizabeth Blake Hospital for many years and founder of the Wilkinson Hospital in Soochow.

The death occurred in Washington, Jan. 24, at the age of 80, of John Barton Payne, Secretary of the Interior under President Wilson from 1920 to 1921. President Harding appointed him chairman of the American Red Cross in 1921, and he also held the post of chairman of the board of governors of the League of Red Cross Societies, in Paris. The late Mr. Payne held many decorations among which was the first class Chiaho, with Grand Cordon (China), which was conferred on him following a visit to China some years ago.

W. E. Thorbecke, Netherlands Minister to China, visited Nanking during the week.

P. H. Dunbar of the Amos Bird Company returned to Shanghai this week from a business trip to the United States.

H. B. Longfellow of the passenger department of the Dollar Steamship Company departed this week on a trip to the United States.

Harry Hussey, architect, for many years a resident of Peiping, returned to China this week from Canada where he recently has made his home.

Mr. and Mrs. S. F. Howard of the Peiping office of the American Express Company returned to Shanghai this week from home leave spent in the United States.

Judge Milton J. Helmick, accompanied by Mrs. Helmick and his mother, were scheduled to depart on Saturday of this week for Canton where Judge Helmick will preside at sessions of the U. S. Court for China. William T. Collins, Clerk of the Court and Miss Helen Wiley, Court Stenographer, also accompanied the party. They will return to Shanghai on Feb. 11.

Gene Tunney, former heavyweight boxing champion of the world, and John Lagorce, vice-chairman of the *National Geographical Magazine*, landed at Naples Jan. 28 on their way from New York, on a scientific six-month journey to the Far East. They are accompanied by Mrs. Lagorce and will visit India, Ceylon, Siam, China and Japan.

Dr. Ben D. Dorfman, well known in the Far East as a technical expert connected with the Lytton Commission, was married on December 23 to Miss Hilda Rotenberg, daughter of Mr. and Mrs. Harry Rotenberg of Toronto, Canada. Dr. and Mrs. Dorfman are residing at the Park Central Apartments, Washington, D. C. Dr. Dorfman is now a member of the U. S. Tariff Commission.

Dr. Arthur Norman Holcombe, professor of history at Harvard University, arrived in Shanghai this week and after a few days here proceeded to Nanking where he will spend the next two months. Dr. Holcombe spent several months in China in 1928 collecting for a book dealing with the Chinese revolution which is still regarded as the standard work on that subject.

Rev. T. C. Wu Addresses Rotary Club on Japan and America

Rev. T. C. Wu, general secretary of the Chinese Mission to Lepers, who has been investigating leprosy conditions in foreign countries, particularly in Japan and America, was the principal speaker at the Shanghai Rotary Club tiffin Jan. 24. He spoke on "Some Observations on My Trips in Japan and America." Concerning America, the speaker among other things said:

"The purchasing power of the American public has been very much reduced on account of the depression, and the people imagine that are poor. But in the eyes of an Oriental observer there is really no depression in America. There are so many automobiles in the country that it seems to me that everybody in America owns a car, including the common laborers and farmhands. It seems to be the psychology of the average American that he can live without bread, but cannot live without a car. I was told by a friend from Detroit that immediately after the closing down of the Ford plant many people begged from door to door with their private cars, and when they were refused aid on the ground that if they could afford to live without charity, they would park their cars somewhere and repeat their old stunts, on foot for a short distance."

Governor General Murphy of Philippines Passes Through Shanghai

Frank Murphy, governor general of the Philippine Islands, stopped over in Shanghai for a day this week, while enroute to Washington on the Dollar liner *President Hoover*, to report to President Roosevelt. In an interview Mr. Murphy said the Philippines have a sound, stable, proficient and progressive government and they are ripe for the Commonwealth envisaged by the Tydings-McDuffie independence measure passed by the United States Congress. Governor Murphy was unrestrained in his praise of the Philippine government and its progressive policy. For two years, he said the government has spent less than its income. It has introduced and is extending a splendid educational system, on which it expends 20 per cent of its income. Its social and health services are the last word in efficiency and up-to-dateness. Peace and order prevail in the Islands.

Several hundred Chinese and foreigners attended a reception on Monday afternoon at the Park hotel in honor of Governor-General Murphy Mr. and Mrs. Jabin Hsu of the Ministry of Finance were hosts at the reception. Mr. and Mrs. Hsu were recently in Manila where they were the guests of the Governor-General.

"I am very happy to learn that you have a group to promote Sino-Filipino friendship, and I shall be glad to help you in every possible way," Governor General Murphy told President H. C. E. Liu of the University of Shanghai, chairman of the Sino-Filipino Section of the China Institute of International Relations, the members of which are:—Dr. P. W. Kuo, Dr. Monlin Chiang, Dr. W. T. Chan, D. C. Chuan, Albino Sycip, and Alfonso Sycip.

HENRY S. DE VAULT

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In the United States Court for China

GERALD BARKER OGLE, Plaintiff,
vs.
MARGARET DOROTHY HIGGINSON OGLE, Defendant.

Cause No. 3788
Civil No. 1748
ORDER
Filed at Shanghai, China, This 14 day of January, 1935.
William T. Collins, Clerk.
by L. T. Kenake, Asst.

The object of this suit is an action for divorce.

WHEREAS, Plaintiff herein, by his attorneys, has this 11th day of January, 1935, made application for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 12th day of January, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 11th day of January, 1935, the Plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein at any time, and that defendant's last known address was 120, 8th Avenue, Whitestone, Long Island, New York;

NOW, THEREFORE, it is this 14th day of January, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW" Shanghai, China—a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 2nd day of February, 1935, the day of last publication of this Order; otherwise case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 14th day of January, 1935.

MILTON J. HELMICK,

Judge.

New Books of Interest in the Far East

Mr. Lippmann Discusses Freedom

The Method of Freedom, by Walter Lippmann; The Macmillan Company, New York, 1934. 117 pages, with index.

These few chapters formed the lectures given by Mr. Lippmann at Harvard in May, 1934, on the foundation established in memory of the Edwin Lawrence Godkin.

In his foreword Mr. Lippmann states that "the pattern of a new social policy" is discernible in the nations today. It is chiefly to be seen in English-speaking countries and its principles are still in the experimental stage. "Yet it is working sufficiently well, I believe, to justify us in recognizing that there has appeared in the modern world a method of collective action which is indigenous to free nations with a highly developed capitalist economy."

The center of his argument is found in the following paragraphs.

"To concentrate initiative in officials was a certain way to kill initiative and liberty and to establish a state which in the ordinary course of events was bound to be despotic and inefficient. On the other hand, to let individualism run loose in a complex social order was to let it run wild and thus to produce disorder and injustice."

"This dilemma is being resolved not by the arguments of collectivists and individualists but by the gradual uncovering of a new social principle. It provides both for individual initiativ and collective initiative. The one is not the substitute for the other. The two are complementary. It is the method of freedom. The authority of the government is used to assist men in maintaining the security of ordered life. The state, though it is powerful, is not the master of the people, but remains, as it must where they have liberty, their servant."

Planning a suitable economy means that broader lines and issues must be used. Good plans for the few may not be desirable for all. No individual measures toward changes are discussed but general principles for guidance are given. A few scattered quotations epitomize the whole book. "The ideal of planning has yet to come to terms with an economy of abundance. Once a population has learned to produce large wealth over and above the level of mere subsistence, a competition arises not merely among the producers in an industry but among industries."

The method of compensatory action is as promising a way of dealing with the realities of the capitalist economy as any which has been tried or is now known. That this type of control has proved to be consistent with the working of the capitalist order in many countries and has given evidence of being able to influence it beneficially in the period of its profoundest disturbance, is ground for confidence that we are on the track of a social discovery which has great promise."

It is by the reduction of the extremes and the fostering and the maintenance of a middle condition among its people that a modern state can make itself most solid and most serviceable. When a large class are insecure and a powerful class possess extraordinary private influence, the incentives to exploit the state for special purposes are too strong to be resisted by the public spirit of the disinterested and the neutrality of the uninterested."

"Therefore, to establish a state, of which the government is representative, is a community which desires to preserve an economy run by private trasactions but held in balance by collective action, it is necessary to take as an avowed object of policy the abolition both of the proletaria and of the plutocracy. In making this avowal we must not let ourselves be distracted or confused by the cry that this is socialism, Marxism, the class war, and confiscation. It is none of these things. It is their very opposite. It is a policy which is frankly and unashamedly middle class in its deal . . . . It is a project to make the mass of people independent of the state: that they may be free citizens, who need not be fed by the government, who have no impelling reason to exploit the government, who cannot be bribed, who cannot be coerced, who have no fear of the state and expect no favors. For their livelihood and personal security rest upon private property and vested rights, not upon the acts of officials."

"No one in his sense supposes that the whole of human activity can be free. But it is the prejudice if you like, the proven faith I believe, of free men that the domain of liberty should be as wide as possible and that the domain of authority should be as limited as possible. And so, even when free men enlarge authority, as in the modern world they must, they do it in the knowledge that it is expedient and not glorious, that it is useful but costly. However much they may alter their methods, adapting them to new circumstances, it will continue to be their basic conviction that the state is the servant not the master of the people."

18 December 1934 G. B. S.

Is Japan Over-Populated?

Population Theories and their Application with Special Reference to Japan. By E. F. Penrose, 1934. Food Research Institute, Stanford University, California.

Sandwiched between two sections of highly technical discussions of population theories, Part II, the central portion of this book according to the author's arrangement, reveals extremely interesting facts about the population problem in Japan. The author notes at the beginning of the discussion that there is a change in the argument used by Japan apologists in their attempts to justify the invasion of Manchuria in 1931. The original plea of self-defense, having collapsed in the face of its obvious falsity, both official and unofficial Japan are now talking about Japanese policy in Manchuria and elsewhere in terms of economic necessity based on the alleged fact of over-population. This argument which is founded on the widely held illusion that the Japanese population exhibits a high rate of increase, is successfully refuted by Mr. Penrose through a sober analysis of the available data. He points out that "an examination of birth rate statistics gives no support to the view, commonly expressed by western writers, that the Japanese are an extraordinarily fecund people," (p. 99) and shows that when recorded increases in the population of Japan since the opening up of the country are compared with similar statistics for England in the nineteenth century, the rate of increase in Japan proves to be less rapid than that in England in the earlier stages of industrialization. Further, he reveals that "for more than a decade, probably for more than two decades, the fertility rate has been falling in Japan." (p. 102). Thus, so-called over-population in Japan is really what the author calls "occupational overpopulation" which is common to all capitalist countries and by no means peculiar to Japan. In other words, it is not a question of mechanical relating population to land and natural resources, but a social problem, which can be adjusted by changes in the social structure.—*China To-day.*

Soviets Join 'nstitute of Pacific Relations

BY CHEN PEI SZE

Following the foundation meeting of the Pacific Institute of the USSR a telegram was sent to the International Institute of Pacific Relations in the USA announcing the fact.

The quarterly magazine published by the Soviet group of the Pacific Institute is called the *Pacific Ocean*. And in the first mumber is set out the details of the foundation.

The standing members of the Institute are organizations and not persons. They are: the Scientific Institute of the Great Soviet Atlas of the World, the All Union Society for Cultural Relations with Foreign Countries (Voks), the Oceanographical Institute, the Administration of the Great Northern Sea Route, the Chamber of Commerce, the Institute of World Economy and World Politics, the Kamchatka Company and the Eastern Fisheries Trust. These are both scientific and commercial organizations.

The officers elected are persons well know in scientific and political research circles in Moscow. Professor Motiliev, a famous geographer, is the president. Prof Joffe, vice president of the Great Northern Sea Route, and Mons. Voitinski, Head of the Pacific Cabinet of the Communist Academy, are members of the Board.

The new Section of the Institute of Pacific Relations will take part in the next congress to be held in 1935-36. At this Congress will be read the following monographs :-

1. The 1st and 2nd Five Year Plans of the Soviet Far East.
2. The national policy in the Soviet Far East.
3. The Great Northern Sea Route and the Pacific Ocean.
4. The ecnomic struggle in the lands of the Pacific Ocean.
5. The problem of raw materials in the lands of the Pacific Ocean.

The official magazine of the section, *The Pacific Ocean*, No 1 which appeared early in November, contains some highly interesting material, notably, "From the Washington Conference to the Crisis of 1935-1936" by Ivanoff and "The Occupation of Manchuria by force and the National Revolutionary Movement" by U-pin.

Conversations between the General Secretary of the Institute of Pacific Relations and the Soviet authorities progressed over a period of more than two years. The holding of the last Congress in Banff made it practically impossible for the Soviet authorities to regard the invitation to take part in the proceedings with favor in view of the syndicalist laws in force in British Columbia.

The foundation of the Soviet Section is to be welcomed by all well wishers of the Institute of Pacific Relations and admirers of its work. The Chinese Section of the Institute, which was one of the first to propose approaching the Soviets, will have an opportunity of meeting some of the leading scientists and scholars of Far Eastern Affairs round a common table. Open and frank discussion of our joint problems in the fields of economics and culture cannot but reflect upon the political relationships between our two countries. It is to be hoped that the next conference will be held, as suggested, in Moscow.

Moscow, Jan. 1, 1935.

Judge Helmick Speaks on "Drifts in American Law"

The following is a summary of the speech delivered by Judge Milton J. Helmick of the United States Court for China at a tiffin of the American University Club in Shanghai Jan. 23 on "Some Drifts of American Law."

MODERN law interpretation in the United States can be divided into two classes, tangible and intangible. The former is visible and oral, the latter is the constructive effect of a great influence. The *stare decisis* (decision of previous centuries) is no longer a fetish. As against this the Courts of to-day weigh these ancient prejudices with misgiving. The philosophical approach is not namby-pamby, but considers human relationships by incorporating justice into the mercies of the law. A judge still remains an automatom, but not a blind one. Courts in the United States are holding, more and more, that the background of American law no longer lies solely in Webster and John Marshal, but increasingly in Miles Standish, Hawthorne, Mark Twain, and Edison. In Great Britain as well, Blackstone's and Chitty's opinions are being supplemented by Shakespeare, Milton, Dickens, and Tennyson. We catch here some of the Chinese idea of emphasis on custom rather than on codes.

An analysis of the Anglo-Saxon concept of law shows that it was conceived as an infallible machine. It has been due probably to inherited fears of persecution, to the hardships of democracy, to a sort of distrust, that people had insisted upon an unchanging code being laid down. This, of course, had resulted in a situation where technicalities assumed undue proportions, where the finding of justice became incidental to the way the "game was played." This was illustrated by the comment made by a certain individual, who upon hearing the results of a judgment, stated: "Well, that may be law but it ain't justice." There is an unmistakable evidence of corrective drifts, both specific and intangible, towards the philosophical as opposed to the strictly legal attack. These drifts are not announced by trumpets or papal bull, but are found in isolated cases, of appellate decisions. Justices Brandeis, Cardozo, and Stone of the Supreme Court are leading exponents of the new approach. All sound lawers, they were really philosophers, who assigned law to justice and not justice to law. For instance, in the past few years, the American Law Institute has done much to simplify, codify and restate American law. To the shock of many lawyers, they stated a contract as "an agreement which will be enforced by the court." This was no definition, they wailed; it did not point out the requirements of a contract; it gave the judge a free hand. And this was their purpose—to render justice possible although not perhaps conforming entirely to technical and artificial rules.

Other phases of the new trend are evidenced in the adoption of flexible court rules, of the relaxation of artificial rules of evidence. They have found there was no inherent evil in "leading" questions. There is also a movement towards enlargement of the scope of judicial knowledge, towards allowing the judge to be a somewhat intelligent automaton, not a complete blank. Particularly hopeful is the growing practice of allowing the court to appoint as expert witnesses men who were not obligated by fees to one side or the other.

In recent years, there has been a tremendous extension in the social field and in only the last four or five years a considerable change has been noticed in the American conception of criminal law. Furthermore, the tendency is gaining ground for a higher standard among lawyers and judges. The chief reason for the old conception of a lawyer was the "Lincoln tradition." It was maintained in the past that if Lincoln, with hardly any schooling could become a lawyer, then there was no reason to bar other "would-be Lincolns." The trend to remove the election of judges from the poltical arena to the appointive field is among the healthy signs on the legal horizon.

Getting down to a closer definition of the philosophical approach to law, one notes an attempt to bring law down to a common sense basis—an approach which is more humane and less rigid than we have hitherto known. On the other hand, this is not to be understood as a Pollyanna, unrealistic approach to law. On the contrary it was highly realistic and considered the needs of society as it progressed, not as it might have been 200 years ago. However, laws are not being replaced. They are the imperial rules based on past experience. Certain things will endure. The drift is toward a confirmation of the majesty of the law.

In the United States Court for China

In re.
Estate of JOSEPH CHARLES STRITZEL, Deceased

Cause No. 3786
Special Proceedings No. 1004
NOTICE
Filed at Shanghai, China, January 23, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of JOSEPH CHARLES STRITZEL, deceased, to present the same with vouchers to the undersigned on or before August 16, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Raven Trust Company,
Shanghai, China.

Shanghai, China.
January 23, 1935.

In the United States Court for China

In re.
Last Will & Testament of EDWARD BELL, Deceased

Cause No. 3789
Special Proceedings No. 1005.
NOTICE
Filed at Shanghai, China, January 31, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of EDWARD BELL, deceased, to present the same with vouchers to the undersigned on or before August 2nd, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

MARY BELL,
Administratrix.
117 Thorne Road,
Shanghai, China.

Shanghai, China.
January 31, 1935.

CUSTOMS NOTIFICATION No. 1426

With reference to previous Notifications concerning the export of silver, the public is now informed that, in accordance with Government instructions, when seizures are made of silver dollars or of other forms of silver, rewards and informants' fees will be issued and penalties inflicted as from the 15th January, 1935, in accordance with the following rules:—

(1) When smuggled silver dollars or other forms of silver are seized on exportation, they will be confiscated, and in addition a fine equal to the value of the seizure will be inflicted on the smugglers, who will be severely punished.

(2) Rewards for seizures of silver dollars or other forms of silver will be issued, after the seizures have been sold, in accordance with the following procedure:

(a) When seizures are effected independently by the military or police authorities, rewards will be issued at the rate of six-tenths of the proceeds for a seizure of special merit and four-tenths for an ordinary seizure (e. g., if $10,000 are seized, the military or police will receive $6,000 for a seizure of special merit or $4,000 for an ordinary seizure);

(b) When seizures are effected by the Customs on information and with the assistance of the military and/or police authorities, rewards will be issued at the rate of four-tenths to the informant and four-tenths to the military and/or police (on the previous analogy the informant and the military and/or police would each receive $4,000);

(c) When seizures are effected by the Customs on information, but without the assistance of the military or police, six-tenths will be issued to the informant;

(d) When seizures are made by the Customs with the assistance of the military and/or police, but without information, four-tenths will be issued to the military and/or police.

The names of informants will be kept confidential.

(3) Except when the smugglers escape or are unable to pay the fine, two-tenths of the fine inflicted in accordance with Regulation (1) will be issued to the military and/or police authorities.

The above regulations do not apply to seizures of subsidiary silver coins on movement coastwise in China Proper.

When rewards are issuable to the military and/or police, these organisations will be treated as one group, amongst whom the rewards are to be divided, and not as two independent bodies each entitled to a full share.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 29th January, 1935.

CUSTOMS NOTIFICATION No. 1425

With reference to Notification No. 1345, the public is now notified that in accordance with Government instructions rice and paddy imported through the various Customs in Fukien will from the 16th January, 1935, be subject to import duty at the full existing Import Tariff rates and that import duties will not be collected at ports of destination on rice and paddy which have paid full duty on importation, when reshipped from Fukien to other provinces.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 29th January, 1935.

Plans for Soochow-Shanghai Highway Worked Out

Plans for the construction of the projected Soochow-Shanghai Highway have been worked out by the Kiangsu Provincial Government. The road will start from Soochow and pass the towns of Kuanshuli, Weikuatang, Weiting, Chenyichen, Kunshan (Quinsan), Hisachiachiao, Anting and Huangtun to link up with the Nanhsiang-Shanghai Highway. It will be 70 kilometers long, built parallel to and on the southern side of the Nanking-Shanghai Railway and from one to five kilometers distant from the line. The entire road is to be completed by the end of May.

$1,000,000 Allocated for Lung Hai Extension

A sum of $1,000,000 has been allocated by the Ministry of Railways for the further extension of the Lung-Hai Railway westward from Sian, the present western terminus, to Sienyang, 19 kilometers northwest of Sian. The Ministry has instructed the Railway Administration in charge of the Tungkwan-Sian Section to begin surveys immediately.

Kincheng Bank Gives Aid for Small Loan Service

A contract was signed between the Nanking Municipal Government and the Kincheng Banking Corporation at Nanking Jan. 28 for joint operation of a small loans service for the benefit of farmers. The capital is fixed at $30,000 and the trial period two years. It is mutually agreed that if circumstances necessitate the capital may be increased.

German Firm Obtains Orders in China

The Siemens Works of Berlin have obtained several big foreign contracts. Amongst these are a new steam power station for Canton. Siemens Schuckert are the general contractors for this order and various other German firms are taking part to a lesser degree. Another order for China includes a 15,000 kilowatt turbine for Peiping.

Sian-Chintsekwan R.R. to Be Built by Military Order

In compliance with an order of General Chiang Kai-shek, Chairman of the Military Affairs Commission, the provincial government of Shensi has formulated plans for the construction of a railway of 610 li, in length between Sian, capital of Shensi, and Chintsekwan, on the Shensi-Mupeh border.

$800,000 for Long Distance Telephone

To finance plans formulated by the Ministry of Communications for the installation of a network of inter-provincial long distance telephone lines, and the inauguration of radio telephones in this country, the Central Government will allot $800,000 from the National Treasury.

Two More Sections of Canton-Hankow Railway to Be Completed Finished this Year

The construction of the Chuchow-Hengyang-Shiuchow sections of the Canton-Hankow Railway is expected to be completed before the end of this year. Work on the section between Chuchow and Hengyang, a distance of about 90 miles, is progressing satisfactorily. The Ministry of Railways has sent 170 coaches to Hunan for use on this section, which is expected to be opened to traffic in June. The extension from Hengyang to Shiuchow, on which work has not yet been started, covers about 200 miles. In compliance with a request from local railway authorities, the Ministry of Railways has decided to assign $3,000,000 for the replacement of sleepers of existing railways in Hunan and Hupeh and for new construction work.

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Latest New York Stock Exchange Quotations

January 30, 1935
Business Done:
Total Volume:- 570,000 Shares

1933-34 High	1933-34 Low	Div. $ per sh.	STOCKS	Last Sale Jan. 28	Last Sale Jan. 29
115⅝	47½	3.00	Air Reduction	110	109½
33	11¾	1.20	Alaska Juneau	17¼	16⅝
160¾	70¾	6.00	Allied Chemical	136¾	135½
26⅜	6	—	Allis Chalmers	16⅛	16
42½	9¼	0.80	Am. Brake Shoe & Fdry.	27	27
117¼	49½	4.00	American Can	112¾	112½
89⅞	13	—	Amer. Commil. Alcohol	28¼	27½
22½	8¼	0.40	Amer. Cyanamid "B"	17⅛	16½
19⅝	3⅞	—	American & For. Power	4⅛	4¼
39½	5⅞	—	American Locomotive	16¾	16½
19	1⅝	—	American Radiator	14	13¾
53¼	10¾	—	American Smelting	34⅞	34⅝
134¾	86½	9.00	American Tel. & Tel.	103⅞	104⅛
94¾	50¾	5.00	American Tobacco "B"	82	81
48¼	10⅞	1.00	American Waterworks	13	12¾
22⅞	5	—	Anaconda Copper	10⅜	10¼
35¼	12⅜	1.00	Atlantic Refining	24¼	24⅛
84¼	16⅞	—	Auburn	23½	23
37⅞	8¼	—	Baltimore & Ohio	11¼	11
49½	10¾	—	Bethlehem Steel	30	29⅝
11	6¾	—	Boeing Airplane Co.,	9⅜	9
31¼	5½	1.00	Borg Warner	29¾	29¾
20⅞	7½	—	Canadian Pacific Railway	13	13
103½	30½	—	Case, J. I.	53⅛	53⅛
40¾	15⅞	1.40	Chase National Bank	25½	25⅝
52½	14⅞	2.50	Chesapeake Corporation	40	39¾
60⅝	7¾	1.00	Chrysler	36⅝	35¾
28⅛	6⅝	—	Columbia Gas & Electric	6¾	6¾
57¼	9	0.60	Coml. Solvents	21¼	20⅞
6½	1	—	Commonwealth & Southern (ord.)	1⅛	1⅛
64½	19	1.00	Consolidated Gas of N. Y.	19¾	19⅝
67¼	23⅜	2.40	Continental Can	64½	64⅜
22⅜	4⅞	1.00	Continental Oil	17½	17½
90⅝	45⅜	3.00	Corn Products	64	63
9⅞	2	—	Coty Inc.	5¾	5⅝
28¼	10¼	—	Douglas Aircraft	21⅞	22¼
103⅞	32½	2.60	Du Pont de Nemours	92⅝	93½
117⅝	46	4.00	Eastman Kodak	112⅞	111½
31⅜	10	—	Electric Auto Lite	24½	24
41⅝	6½	—	Electric Bond & Share	6¼	6
19	8¼	—	Fox Film "A"	10⅝	10¾
50⅜	16¼	1.00	Freeport Texas	20⅞	20⅝
42⅜	13¾	1.00	General America Transport	36¼	36
30⅛	10⅛	0.60	General Electric	23	22¾
39⅞	21	1.80	General Foods	34⅜	33⅞
42	10	1.00	General Motors	31⅛	31⅝
28¾	8¾	1.00	Glidden Co.	24	24
27⅜	12	1.20	Gold Dust	16	16
47¼	9¼	—	Goodyear Tire & Rubber	22⅜	21½
50¾	7¼	—	Illinois Central	13¼	13¼
40	6½	0.25	International Cement	28¼	28
46⅞	13⅛	0.60	International Harvester	39½	39
29¼	6⅜	0.60	International Nickel	22¾	22¾
21⅜	5¼	—	International Tel. & Tel.	8⅞	8¾
66⅜	12¼	—	Johns Manville	49⅜	49⅜
26	7⅜	0.60	Kennecott	16⅝	16¼
110	49	4.00	Liggett & Myers "B"	105½	104
37¼	8½	1.00	Loew's Inc.	32¼	31⅝
25¼	10⅜	1.20	Lorillard	20⅛	19⅞
25⅞	8⅝	—	Montgomery Ward	26	25⅞
43	16⅞	1.00	National City Bank	22¼	22
33¼	16¼	0.50	National Distillers	25⅞	25⅜
58¼	14⅝	—	New York Central	17¼	17⅛
36½	10⅜	1.00	North American	12¾	12⅝
96⅜	31½	4.00	Owens Illionois Glass	87¾	86
31⅞	13¼	1.50	Pacific Gas & Electric	13⅞	14
43⅜	21	3.00	Pacific Lighting	21¾	21¾
6⅞	1⅜	—	Packard Motors	4¾	4⅝
42⅜	13⅜	1.00	Pennsylvania Railroad	21⅝	21½
20¾	4¾	1.00	Phillips Petroleum	15	15¼
12½	3	—	Radio Corporation	5¼	5¼
54½	26½	3.00	Reynolds Tobacco "B"	47⅝	47⅜
51⅜	12½	—	Sears Roebuck	33⅞	33⅞
19⅞	6	0.60	Socony-Vacuum	13⅞	13⅜
28	10¼	1.50	Southern California Edison	11¾	11⅞
22½	3⅞	—	Standard Gas & Electric	4	3¾
50¼	22⅜	1.00	Standard Oil Co. of N. J.	41½	40⅝
66¼	45⅜	3.80	Sterling Products	60¼	60
30⅛	10¼	1.00	Texas Corporation	19⅝	19½
9⅜	2⅜	.12½	Transamerica	5¼	5¼
51⅞	19¼	1.40	Union Carbide & Carbon	46	43½
133⅞	61¼	6.00	Union Pacific	102¼	100¾
15⅛	⅛	—	United Aircraft (New)	13½	13½
14½	⅛	—	United Corporation	2⅞	2¼
25	11⅝	1.20	United Gas Improvement	12	11¾
62½	21½	2.00	Universal Leaf	54	53
25	2⅞	—	U. S. Rubber	14⅜	14⅛
67½	23⅜	—	U. S. Steel	36¾	36
36¼	7⅝	—	Vanadium	18½	18
13⅝	1	—	Warner Bros. Pictures	3⅞	4
58¾	19¾	0.25	Westinghouse Elect.	37¼	36⅝
65⅛	25⅞	2.40	Woolworth	53	53

The National City Bank of New York, Rates of Exchange

Shanghai, Jan. 30, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 2.77
Demand buying rate on America:	U.S.$1.00=Sh. $ 2.73
Demand selling rate on London:	£1 0.0=Sh. $13.48
Demand buying rate on London:	£1.0.0=Sh. $13.28

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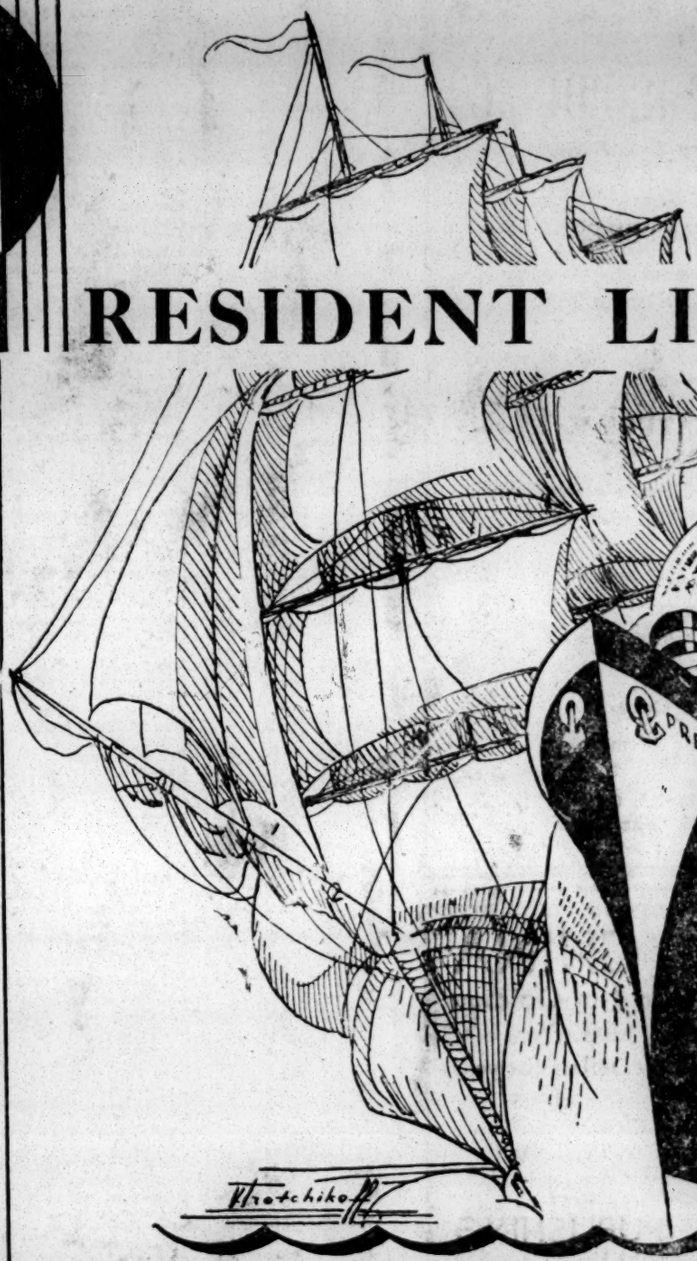

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